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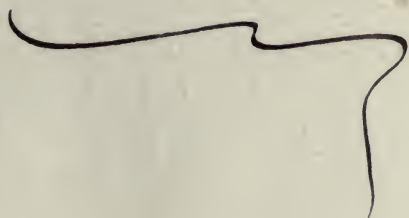
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Worthington C. Ford









*Elyah Ward*

# S P E E C H E S

ON

COMMERCIAL, FINANCIAL AND OTHER  
SUBJECTS.

BY

ELIJAH WARD.



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## PREFACE.

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THE speeches selected from those of the Hon. Elijah Ward, and presented in this volume, are laid before the public because they refer chiefly to measures of immediate and practical moment in the national commerce and finances, but yet remaining unaccomplished. Much labor has been spent with a candid and impartial spirit in acquiring the information they contain, and it would be difficult of access, and thus of comparatively little use, unless collected and concentrated. The subjects will continue to demand more and more the attention of American statesmen, until they are finally settled. They include the much needed ship-canal to connect the Atlantic and Pacific Oceans, an extension of our commerce, especially of the markets for our manufactures and agricultural productions, through an American or continental system of trade with Canada, Mexico, Cuba, and other countries, revenue reform and the restoration of our mercantile marine on the ocean, the necessity of a just, uniform, and permanent bankrupt law, the importance of conferring the right of coinage on the Assay Office in New York, a free canal policy in the State of New York as essential to the preservation of her inland commerce and valuable to the nation, a safe and gradual return to a sound currency, redeemable in coin, and the renewal of concord and prosperity in the Southern States.

On the whole, the speeches refer more or less directly to commerce at home and abroad as the best means of stimulating production and increasing the employment and comfort of the people throughout the Union. For many years these material interests have been conspicuously neglected in the national Legislature, and it was the object of Mr. Ward to present those views which he believed to be true in regard to them without yielding to the prevalent prejudices or supineness of the times.

More than any other single sentiment pervading the speeches, is confidence in the belief that "all legitimate interests are harmonious." Mr. Ward holds that the Monroe doctrine, however gratifying to an honorable national pride, is little more than a barren ideality, unless, in an enlightened self-interest, we associate with it a performance of its obligations, including a friendly care for the commercial prosperity of the States we have so far taken under our protection, by extending the exchanges of industry with our neighbors on the north and south, thus promoting such a system of intercourse and of benefits reciprocally given and received as will tend to prevent those wars and chronic apprehensions which in the Old World cause the constant maintenance of large standing armies, with frequent loss of life on a scale of stupendous magnitude, and at all times the infliction of heavy burdens upon the people.



SPEECHES  
OF THE  
HON. ELIJAH WARD.

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SHIP-CANAL CONNECTING THE ATLANTIC  
AND PACIFIC OCEANS:

ITS

VALUE TO THE COMMERCE OF THE UNITED STATES  
AND OTHER NATIONS.

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HOUSE OF REPRESENTATIVES, February 15, 1859.

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At the present time no one public work, of so much value to the commerce of the world as the union of the Atlantic and Pacific Oceans by a ship-canal through some part of the Isthmus of Darien, remains uncompleted. Nearly twenty years have now elapsed since Mr. Ward directed the thoughts of Congress to it. Within that period several additional surveys have been made. The important international enterprise continually receives in an increased degree the attention of scientific and practical statesmen in all parts of the world, and time demonstrates more and more clearly the accuracy and importance of the facts and opinions expressed in the following speech:

MR. CHAIRMAN: Having the honor to represent in this honorable body a constituency vitally interested in the progress of commerce, an element which has enabled our country to attain a high rank among the nations of the world, and to which we must be chiefly indebted in the future for its further growth and increased power, I feel a deep interest in all subjects which seem likely to aid in the development of our commercial greatness, and in maintaining the supremacy we are rapidly acquiring.



Our vast extent of territory, its fertility, mineral and other resources, the energy of the people, and the great amount of capital employed, are powerful levers in advancing the prosperity of the country; but the history of the past demonstrates that no one element has had so great an influence in the extension of commerce, and contributed so largely to our national wealth, as increased facilities for annihilating space and time by means of railroads and canal communications. The utility and importance of these modes of transportation have been fully tested. Railroads with cars propelled by steam are of comparatively recent origin, having been first used not more than twenty-seven years ago. Within that period England has expended £300,000,000 sterling, and the United States \$1,070,000,000, in constructing railroads. Canals attracted the attention of the ancients. The best authenticated accounts of ancient Egypt represent "that country as intersected by canals conveying the waters of the Nile to the more distant parts of the country, partly for the purposes of irrigation and partly for navigation. The efforts made by the old Egyptian monarchs and by the Ptolemies to construct a canal between the Red Sea and the Nile are well known, and evince the high sense which they entertained of the importance of this species of communication." This work was intended for a ship-canal to connect the Red Sea with the Mediterranean. The same locality is now attracting public attention, and the route has been examined and surveyed and found to present no difficulty that cannot be removed. The French projectors of the Suez Canal contemplate its reopening, or the construction of a parallel line connecting the two seas, which, if carried into effect, would be of great benefit to commerce. Canals have been constructed in Italy, France, Holland, Denmark, Sweden, England, and other countries; but it was reserved for the State of New York to excel them all in connecting the waters of the Hudson with Lake Erie, by means of the Erie Canal.

My associations with mercantile men, and residence in the commercial metropolis, have long since induced me to examine with the greatest attention projects that pro-

posed to develop intercommunication. The construction of canals in the several States, of lines of railroads leading to all parts of the country, the introduction of our steam marine and the many lines of clipper and other sailing ships, induce me to believe that much more may be done beneficially in this direction. Boston, New York, Philadelphia, Baltimore, Charleston, and the other sea-coast cities and towns, as well as those in the interior, attest the benefits of railroads and canals, interlinking and binding the Union by ligaments of a common interest too strong to be severed. Appreciating the advantages to the country that result from the home and foreign trade, it becomes important to facilitate that trade in every proper manner.

With a view to increase commercial intercourse, by diminishing the travelling distance from the Atlantic to the Pacific ports, the subject of a ship-canal is assuming an importance commensurate with its merits. No project of higher moment or greater magnitude has been presented to the country.

“When in 1513 Vasco Nuñez first beheld, from the heights of Darien, the shores of the Pacific, its near proximity to the Atlantic could not fail to render evident the importance of a water communication between the two oceans. Long and vainly did the Spaniards seek for a natural channel, which might facilitate their passage to the Indies, and when forced to abandon all hope in its existence, they continually directed their attention to the best means of opening an artificial way. The great utility of such an undertaking became still more evident towards the latter part of the eighteenth century, which witnessed the rising importance of Hindostan, of China, and of the islands of the Indian Ocean, as well as the discovery of Australia and the numerous islands of the Pacific. The length of time required, and the danger incurred, in doubling the two tempestuous capes, by which alone the passage could be effected, served continually to keep attention fixed on the inestimable advantages which would accrue from an interoceanic communication. Various points of Central America were therefore surveyed, and plans were proposed for executing this most desirable enterprise; but the difficulties to be overcome appeared almost insurmountable, and most of the projects have been tacitly abandoned.

“But within the last few years, the acquisition of California by the United States, and the commercial activity which resulted

from the working of the gold fields, so immediately followed by a similar discovery of the precious metal in Australia, and the consequent rapid development of trade with that continent, the extension of commercial enterprise throughout the whole of the Pacific and the Indian Oceans—all concur in rendering the realization of this project indispensable.” \*

If a passage through the isthmus were made, thousands of ships and vessels of all classes with their cargoes would pass through it from and to every clime; it would save thousands of miles in sailing distance, weeks and months of time, and the difficulties and dangers of the Capes of Good Hope and the Horn be avoided. It would open to our merchants new fields for enterprise and rich markets for their wares and the various productions of the country.

It has been carefully estimated that fourteen thousand miles between New York and San Francisco, and ten thousand miles to China, India, Japan, and the Sandwich Islands, British Australia, the Dutch, English, and French East Indies, New Zealand, the Russian American possessions, the coasts of Central America on the Pacific, Chili and Peru, or nearly in this ratio, may be saved on every outward voyage our ships make, and the same distance on the return. The attainment of such great results would give an extraordinary impulse to the commerce of the United States and other nations.

From the time of the discovery of this continent, a short passage to the East has been constantly desired—a region Columbus was seeking for when he discovered the New World. The commercial history of the past shows that whatever country has hitherto controlled the trade of the East has invariably held, for the time being, the greatest commercial power in the world. In ancient times, Carthage and Alexandria controlled the trade of the land of spices and frankincense. Venice owed her splendor and commercial rule to the same cause. At a later day, when the discovery of the passage by the Cape of Good Hope had been made by the Portuguese, they held the key to the East. The trade with India in silks,

\* F. M. Kelley, Esq., of New York, before the Institute of Civil Engineers, London, 1855.



fine cottons, linens, spices, and myrrh, gave to Portugal such a supremacy in Europe, that her rival, Spain, fitted out the expedition which bore the discoverer of this continent to our shores. It did not result in the discovery of the passage so ardently desired, and there was almost as much disappointment felt that a way to India was not found, as there was joy at the discovery of America.

When the Dutch, half a century or more later (Prescott and Helps), secured a portion of the Indian trade, they, too, reaped the benefits and shared in the immense gains. Subsequently England disputed with Portugal and Holland for this trade; fierce and bloody wars were waged; and history now records the unrivalled extent of English commerce, which has vastly contributed to her power. During the last few years we have been disputing with her for this trade, and we have in part succeeded; but if we desire further gains in this respect, we must place ourselves in a central geographical position by making a passage through the isthmus.

Nations have made great sacrifices to secure the benefits of this commerce. The most recent illustrations may be found in the late Russian war, which, stripped of its pretended objects and the varied phases of diplomacy, may be regarded as a struggle for the control in the Indies and the trade of that country; for, by possessing Constantinople, Russia would have had a transit by the peninsula to the Persian Gulf and the Red Sea, and thence, by channels of communication now open, into the Indian Ocean.

It appears to me that no one, familiar with the subject and the sources of commercial strength and power, can justly doubt the importance and utility of an inter-oceanic communication, by means of a ship-canal. The main point to be determined is, whether it is feasible; has any route been discovered that science, skill, and energy can overcome, within such a cost as to make its prosecution and completion practicable? While the subject has occupied attention for several generations, more recent elaborate explorations and surveys indicate only five or six routes as at all practicable. In this connection, engineering problems are not so difficult of solution as to obtain

the capital required in the experiments and accomplishment. The routes to which public attention has been drawn are the Tehuantepec, Honduras, Nicaragua, Panama, San Miguel, Chipó, and the Atrato.

In examining the several routes, my attention has been particularly attracted to the Atrato for its practicability; and more especially, because it can be constructed without locks, and at much less cost, for a canal of the same size, than at any other point. These routes I propose briefly to examine.

The Tehuantepec route commences on the Bay of Vera Cruz, in longitude  $21^{\circ}$  from Washington, and, crossing the dividing ranges of the water-sheds of the continent, extends to the Puebla of Tehuantepec, on the Pacific. The distance is one hundred and eighty-six miles, and the summit level at the pass of Nisi Correjo is eight hundred and fifty-five feet above the level of the sea. The topographical features of the country are a great general slope from the sea, on either side, to the summit, which is nearer to the Pacific than to the Atlantic.

No water exists at a sufficient elevation to operate a canal with locks, even if locks were not objectionable, as they are, where they can be dispensed with; and to make an open cut from sea to sea would cost, nearly as I have been able to learn, over a thousand millions of dollars.

The data upon which my conclusions are founded were collected by the Government engineers. This line, although favorable for a railroad—a point which I do not question—still is not, in my judgment, adapted for a ship-canal. Since accurate surveys were made, its practicability, I believe, has not been urged.

The Honduras line lies eastward of the Balize, and runs in nearly a southerly direction across the isthmus known as Baya Honda, from Puerto Cabello to Fonseca. The length of the route is one hundred and sixty miles, and the summit level is two thousand six hundred and eighty-one feet above the sea. Notwithstanding the rivers Humuya and Goascoran interlock, and their headwaters pass one another, still the supply of water is insufficient, and the great height of the summit would require



at least one hundred and sixty locks of great magnitude, and very costly. I therefore consider this line out of the question for canalization; for a railroad it is practicable.

The Nicaragua route has been very much discussed, and in point of desirability for a water communication between the oceans is undoubtedly next best to the Atrato, but is much inferior to it, for the reasons which I will hereafter present. At this place an elevation of one hundred and twenty-two feet has to be overcome, and, according to the most approved plans, at least thirty locks would be necessary. Water here is abundant on the summit, and at the Atlantic terminus there is a good harbor; but on the Pacific a harbor must be constructed at Breto, or in that vicinity, in order to make the communication complete.

If the use of locks was not greatly disadvantageous, the Nicaragua line would claim our warmest support; but the difficulty and danger of elevating great ships to the height of one hundred and twenty-two feet, and then lowering them again every time a passage is to be made from one ocean to another, must be apparent. Locks offer serious objection to such navigation; each lock of a canal is nearly similar to a dry dock, and thirty would have to be passed each way; in addition there is the difficulty and uncertainty attending the use of locks, arising from the failure of the gates that enclose them, which, in this case, would number one hundred and twenty, if the locks were single lifts, which are most desirable. The cost of keeping such mechanical structures in repair would be great. The risk and injury to vessels from striking against them are to be regarded, and the probability of occasional delay in them, when out of repair, is to be taken into consideration.

At Nicaragua, the cost of constructing a work equal in width and depth would be more than at the Atrato. I am aware that plans have been made, the estimated cost of which would be less than is contemplated at the Atrato; but these plans propose a canal of much less depth and width, and insufficient to do the trade required. I am confident, from the estimates that have been made—and I speak from a knowledge of the case—that the

same sized canal, even with locks, which would materially reduce its working capacity, cannot be built at Nicaragua for the same price as at the Atrato.

Upon the Panama route a railroad is now in successful operation. It is undoubtedly one of the most desirable lines, if not the best route, for a railroad crossing the Isthmus; it is but forty-seven and a half miles long, and good harbors exist at either end. But for the purposes of a canal, its disadvantages may be summed up in a few words. The canal must be forty-two miles long; ships must be lifted two hundred and fifty-seven feet. At this elevation there is not sufficient water to feed the canal, and water must be collected in reservoirs in the mountains, and brought sixty-one miles through a trench of more than one hundred and fifty feet deep. Even then, thirty-six locks would be required. If an open cut be attempted, the quantity of material to be removed would be equal to over three times what is necessary at the Atrato, and a lock on the Pacific would be indispensable.

Various explorations have been made at San Miguel under the directions of the engineers of the Government of the United States, Great Britain, Spain, and Holland; but no line at all proper for a ship-canal has yet been discovered.

The Chipó route has only been surveyed on the Atlantic coast; and the range of mountains (Cordilleras) seems to render it not available for the purpose of a ship-canal at this point.

The proposed route for the Atrato Canal is through an open cut from the sea to the waters of a navigable river, having sufficient depth to float the largest man-of-war and merchant ships; and no locks or other impediments are required. The route to which I refer lies in the Republic of New Granada, in the province of Chocó, and may be found between the seventh and eighth degrees of north latitude, and the seventy-seventh and seventy-eighth degrees of west longitude from Greenwich. It begins at a good harbor at the mouth of the Atrato River, in the Bay of Candilaria, and thence ascends the Atrato River to one of its affluents.

In the early part of the present century, the venerable

and remarkably far-sighted Baron Alexander Von Humboldt, in his "*Essais Politique*," in describing the various routes that probably existed for forming interoceanic navigation, designated the line of the valley of the Atrato River as worthy of particular consideration. Humboldt came to this conclusion at that early period, from having personally examined this and the other proposed routes: and in his various writings, he urges the merits of this particular line. The transits at Honduras and Tehuantepec, the canoe navigation at the Lake Nicaragua, and the mule path at Panama, however, for many years drew off the attention of commercial men and capitalists from the Atrato.

In 1850, General T. De Mosquera, ex-President of the country, in a work entitled "*Physical and Political Geography of New Granada*," drew attention again to the valley of the Atrato, and a citizen of the State of New York (Mr. Frederick M. Kelley), perceiving the vast benefits to be derived to his own city, the country, and the world, from any good route across the Isthmus, but more particularly from any that could be made available for purposes of canalization, learning the views of Humboldt, and all that Mosquera could inform him relative to this locality, determined, in 1853, as a mere matter of public utility, and without any immediate hope of personal advantage, with scarcely the remotest prospect of self-aggrandizement, to fit out an expedition at his own expense, and have surveys made, to see if the impressions of the illustrious men I have named were founded in fact or otherwise.

The first surveys were made up the river Atrato and over the dividing isthmus, and down the river San Juan, upon the line of a small canoe-canal, more properly a ditch, that the priests of the mission of San Puebla had caused the natives to dig, many years ago, and through which canoes laden with the gold and merchandise of the surrounding countries passed, at times, at high water, from one ocean to the other. This line did not present such favorable features as were anticipated; but, nothing daunted, three other expeditions, making four in all up to that period, were fitted out with praiseworthy zeal,



by the same individual. They, however, all merely added to our geographical knowledge of this highly interesting portion of our continent.

The fourth expedition, at nearly the close of the third year of the researches, gave some slight promise of success, having learned from the traditions of the natives that low ground existed near the seventy-seventh parallel; but, owing to circumstances they could not control, they were compelled to return without making any very important discoveries. The data they furnished, however, were the key to future success.

Another expedition was started and intrusted to an explorer, with directions to search in the vicinity of the locality before indicated as practicable. The dense growth of underbrush, and the gigantic forests that cover the entire face of the country, made the work of exploration tedious and difficult: but after an absence of several months the party returned with the tidings that a route had been discovered and surveyed, by which a canal could be made to connect the waters of the Atlantic and Pacific Oceans without locks, and at such a cost as to be commercially available. No speculations, however, were gone into; sober, serious reflection seemed to indicate that, before any public demonstration was made, the surveys should be verified by a Government corps. Years had been occupied, and a large amount of money expended by a private individual to solve this great problem. The surveys being completed, Mr. Kelley proceeded to Europe with the result. I ask to submit, in his own language, his reception abroad. He says:

"I went to England, and submitted my plans and reports to the Royal Geographical Society of London, and to the British Institution of Civil Engineers. I invited the searching criticism of those most competent to judge in the mother country. I went to France, and knowing how deep an interest the Emperor Napoleon had taken in the promotion of similar enterprises, and how profound a knowledge he had displayed of the general subject, at a time when correct views were confined to a very limited circle, I laid my plans and surveys before his Imperial Majesty, and invited to their consideration, in the most public manner, the highest science in the service of the Government and people of

France. I went to Berlin, and frankly explained to that illustrious sage, the pioneer of all scientific knowledge of Central America, the general views which I entertained, and the nature of the evidence by which they had been confirmed. In those three enlightened countries I was not treated as a stranger. There was a grandeur in the design of which I was the bearer, a dignity in the mission with which I was charged, that won for me courtesies which, on mere personal grounds, no stranger, going to Europe for the first time, could have anticipated or claimed. From the Emperor of the French, from Lord Clarendon, from Sir Roderick Murchison, from Baron Humboldt, from Rear-Admiral Beechy, from Robert Stephenson, Admiral Fitzroy, and the members generally of the Royal Society and Institute, I received great kindness; and, what was of more importance, they applied to my plans and reports, in a catholic and courteous spirit, but with the rigid exactness due to science and their own high reputations, those tests suggested and fortified by their great experience. A friendless and unknown American citizen was treated by these men as though he was a brother, not because he was eminent in science, but because they recognized in him the zeal, the prophetic hope and self-devotion which are ever the handmaids of science." \*

The important results thus far attained were brought to the attention of the Thirty-Fourth Congress at its second session. Appreciating the efforts made, and the great results to flow from interoceanic communication, an appropriation was made by the Government of the United States for a verification of the surveys to which I have alluded. Congress authorized the Secretaries of War and the Navy, under direction of the President, to detail officers for the survey and have the verification made. The Navy Department selected Lieutenant Craven, and the War Department detailed Lieutenant Michler, of the topographical engineers. These officers, upon their return, proceeded to prepare their reports; and the result of the expedition will probably be laid before Congress at the present session. While I am not able to give the detail of the survey, I am sufficiently informed to state that their reports will confirm the physical facts as represented, including harbors, rivers, rock and earth excavation, and the general character and quantity of material to be removed to form the canal, upon which

\* Kelley's Pamphlet on the Atrato Ship-Canal.

the former estimate of the cost of this work was based. This estimate of cost had been computed by several experienced engineers in this country.

By the proceedings of the Institution of Engineers of London for 1858, I find that body—perhaps as competent as any in the world to judge—indorses the estimate made by our own engineers. I have also seen the written expressions of many able and intelligent American engineers on the subject; letters from distinguished engineers—Robert Stephenson, George Rennie, and other English and French engineers of eminence—verifying the estimates made for the work in this country. In April and May, 1856, the Royal Geographical Society, at Mr. Kelley's request, discussed this question at great length, and took very decided ground in favor of the work being done. The President, who was Minister to England while Mr. Kelley was abroad, did all in his power to advance this great measure, and suggested the application to the United States for verification. The French Emperor also appointed a commission to examine the plans and surveys, and they reported favorably to him, and he, I learn, expressed a willingness to unite with England and the United States in building the canal. The plans were submitted to Baron Humboldt, and his approval was obtained.

Mr. Chairman, having drawn the attention of this honorable body to the subject of ship-canals, briefly referred to the various projects, and given a rapid sketch of the Atrato, I will now refer to the benefit which the commerce of this country and other nations would derive through such a channel of communication from the Atlantic to the Pacific Ocean. I have already alluded to the great saving in travelling distance, and refer to the Appendix for the detail. The first influence felt would be from the supply of a colony of workmen, consuming the bread-stuffs, manufactures, tobacco, and other products of the United States, during the construction of the work.

I find, by official statistics, that the total tonnage owned by the United States, that would use this canal, if constructed, is 1,857,485 tons. The cargoes are valued at \$100,294,687, and the ships at \$92,874,250; making a



total amount of value afloat, belonging to the United States, of \$193,168,937. This includes the whale fishery, but not the precious metals from California. Taking the diminution of time as a basis, the benefit by the gain in sailing distance from one part of the world to the other by the Atrato Canal, estimating the saving of insurance, interest on money, wages of men, freight, wear and tear, it appears that the sum of \$35,995,930 would be annually saved to the United States alone, as follows :

*Table showing the saving in money to the trade of the United States that would result from the use of the Atrato Canal, according to the official statistics for the year 1857.*

Insurance on vessels and cargoes saved....	\$3,863,378
Interest saved on cargoes.....	3,008,840
Saving of wear and tear of ships, 5 per cent.	4,643,712
Saving of freight-money (by time).....	11,250,000
Saving of wages, provisions, crew, etc.....	13,230,000

Total yearly saving to the United States..\$35,995,930

Should the United States assume to pay the whole interest on the work, during its progress and completion, the amount thus saved to the commerce of the country in one year exceeds, by \$8,500,000, the entire sum that would be required to be paid in twelve years, or seventeen times the average annual payment. If England and France unite, it is over forty times the annual sum that would be required.

We find the tonnage of England, that would pass this canal is 1,029,295 tons; the value of tonnage and trade is \$190,649,750. The saving to England, upon the foregoing basis, would be \$9,950,348, as follows :

*Table showing the yearly saving in money to the trade of England, as ascertained by the official returns for 1856, if the trade went through the Atrato Canal, instead of round the Capes.*

Insurance on vessels and cargoes.....	\$1,906,495
Interest on cargoes. ....	1,858,826
Saving of wear and tear of ships.....	2,573,237
Saving of wages, provisions, finding, etc.....	3,611,790

Total.....\$9,950,348

The tonnage of France that would pass through the Atrato route is 162,735 tons; the tonnage and trade is valued at \$67,210,609; the saving to France would be as follows:

*Table showing the saving in money to the trade of France that would result from the use of the Atrato Canal, according to the official statistics for the year 1857.*

Insurance on vessels and cargoes.....	\$753,000
Interest saved on cargoes.....	452,084
Saving of wear and tear of ships.....	325,470
Saving of freight-money, estimated by time..	276,949
Saving of wages, provisions, and outfit of ships.	376,427

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Total yearly saving to France.....\$2,183,930

Of countries other than those named—the tonnage that would use this communication is 16,802,000 tons; the saving would be about \$1,400,000.

The aggregate value of the foregoing tonnage and trade is \$467,831,296; and the total saving would be \$49,530,208 annually.

These statements are predicated upon the present state of commerce. The average increase for the last ten years was about one hundred and ten per cent., and it is fair to assume that the trade will increase one hundred per cent. in the next ten years, in which case it is estimated the saving to the world would be \$99,060,416.

Having presented the trade in an aggregate form, it is perhaps proper to say that there are many specific interests that would be greatly benefited. It is believed that the whaling fleet, for example, could go into the fishing grounds, and return with as much oil and bone as they do now, in two-thirds of the time they now spend, and the coasting vessels of New England and the north-east could find employment in the Pacific, during the seasons they are now idle, by procuring guano, etc.

Notwithstanding the vast benefits that would be secured to commerce, it might be urged that the Government, in addition, should have some direct benefit. In answer to this, in rendering the aid required, Congress could provide that all national vessels and munitions of war should pass free of charge for a certain period.



In transporting heavy merchandise (which is about ninety one-hundredths of all the trade) across the Isthmus, the canal can only be resorted to on account of economy; railroad communication being too costly, besides the difficulty in unloading and loading. The charge for transporting a ship and cargo of one thousand tons by the canal would not probably equal the twenty-fifth part of what the cargo would cost by railroad.

If, instead of constructing a canal, it were determined to build railroads across the Isthmus, it would be found that there is not only a want of room to build them upon, but that it would require twenty roads, each of them equal in capacity to the Panama road, to be capable of doing the business of the canal; these twenty roads, if built, would cost at least double as much as the canal, and could not be kept in order for many times as much as would be required for the canal.

Independently of the risk and expense of loading and unloading, the cost of transportation by railroad in that country is nearly forty-five times as much as it would be by canal; or, in other words, the canal can do the entire freighting trade of the world in this direction, pay an interest on the cost and the interest sunk during construction, and maintain and operate itself for \$8,140,000 per annum. To do the business by railroad that the canal could do at this cost, at the prices now paid to the railroad, would amount to \$360,000,000.

I would next invite your attention, and that of this honorable body, to another branch of the subject; which is, the physical advantages of this route as compared with all others for communication between the oceans.

When it shall have been determined that any road, railroad, or canal, is necessary in any direction, our next duty is to decide which will be most useful, and in connection with the expense to be incurred, involving and evolving one question with the other, to settle its final place. Many situations are only suited for wagon roads, and these are ample and sufficient for the wants of the Government and the country they accommodate. Other places, again, require more rapid communication, and a greater amount of tonnage is expected to pass over them.

Here it is proper to employ the facilities afforded by modern science, and construct railroads or canals. If swiftness of movement, as in the case of passengers and mails, be desirable, then railroads should be preferred. If the commodities to be moved are heavy, and water-carriage can be employed, more particularly where a part of the journey is performed in ships from the necessities of the case, it is advisable to make a canal, more especially if the goods can be carried, ship and all, through without handling, so as to avoid the process of loading or unloading. If goods could be conveyed to our inland cities in the same ships that cross the ocean, with their cargoes on board, no one would desire to unload them into a canal-boat, or on to a railroad. These considerations become elements in the process of reasoning by which we should decide what method is best adapted to carry on our enormous and constantly-increasing business between the two great oceans of the world. If equal advantages exist for loading and unloading, and water is abundantly deep, no commercial man would prefer to have his goods unloaded from his ship fifty miles from the entrepot, and brought by wagon or railroad to his warehouse, when his ship could as well come to the wharf at his door. The same rule would govern in crossing the Isthmus.

The estimated cost of this project is \$73,687,141. (See Appendix.) It is evident that a work of this magnitude can only be completed by the aid of the Government, as a means for postal facilities, and for the transportation of military and naval stores. It is estimated that it will require at least nine years to complete it. To raise the requisite means, it is proposed that the United States should guarantee to pay interest at the rate of five per cent. upon the amount expended in the process of the work, from year to year, for the period of twelve years. The amounts in each, annually, would be as follows :

First year.....	\$150,000
Second year.....	400,000
Third year.....	800,000
Fourth year.....	1,250,000
Fifth year.....	1,700,000

Sixth year.....	\$2,150,000
Seventh year.....	2,600,000
Eighth year.....	3,150,000
Ninth year.....	3,750,000
Tenth year.....	3,750,000
Eleventh year.....	3,750,000
Twelfth year.....	3,750,000
<hr/>	
Total interest money.....	\$27,200,000

The above is based upon the supposition that this Government is the sole promoter. In case England and France joined, it would be for one-third the amount. The interest being guaranteed by the United States, or in conjunction with England and France, it is believed that those engaged in the construction of the canal would be able to obtain the money necessary for their object upon the most favorable terms.

The estimated cost of this great work, I am prepared to admit, is a large sum; but this estimate is founded upon the actual cost of doing the same kind of work in the same kind of a country, and is based upon the amount of cubic yards of rock and earth to be excavated, and dredging to be done, and is no theoretical hypothesis of something yet never undertaken.

The cost of this canal, Mr. Chairman, is predicated on a depth of thirty feet at low water, and a width of one hundred feet. It is maintained that this is ample and sufficient to pass the largest vessel afloat. There is scarcely a harbor that admits vessels drawing over thirty feet of water; the great commercial marts of this continent, Europe and Asia, do not allow vessels of this draft to enter, or at least do not allow those drawing more to pass over their bars, hence ships are not built of more draft than this when loaded; but as the harbors of the world mostly used do permit vessels of twenty-eight or twenty-nine feet draft to enter, it is deemed best to make the canal, at low water, as deep as the deepest harbors. In width, it is proposed that it shall be, as I before said, one hundred feet; this will pass abreast two of the large-sized merchantmen, with their yards clewed back, but not two of the largest steamers, because of the width of



their guards and wheel-houses ; these steamers must pass by signals, singly in each direction, through the rock cut. Up the Atrato River, vessels of any size, and three or four together, can pass one another, so that there would be little or no detention from any of larger size, as the wide part extends for more than half the distance from ocean to ocean.

No attempt whatever has been made to under-estimate the cost, or to keep from the public the information upon which the calculations are based. If, however, it is not in all respects correctly estimated, a percentage of five or ten per cent. of error in the calculation would not alter our position. This canal would be a sound and proper investment for the country to make, at \$75,000,000, in the manner proposed ; and, if necessary, at twice that amount.

In furtherance of the work, the Government of New Granada has not only given all proper facilities to the private and Government engineers that conducted the explorations ; but it has, by a formal concession, under proper restrictions, given the right to construct, maintain, and operate the canal forever, accompanying this grant with various desirable privileges extended to those that may undertake the work. The State of New York has also granted a special charter, under which a company may be organized to build the canal.

Mr. Chairman, I have merely presented some prominent points bearing on this interesting subject. It is too vast to be discussed in all its details under the rule of this House. I present it to this honorable body as worthy of its most serious consideration.

The gentleman (Mr. Kelley) whose name is identified with this great work has quietly and unobtrusively, at a large individual expense, been endeavoring to solve the great problem of the age. He has brought this project to a position that invites the attention of not only our own country, but the whole world. I feel the deepest interest in this subject, in consequence of the great benefit, as I have shown, that is to flow to trade. The extension of commerce is not only important to national wealth, power, and prosperity, but is also the great lever which conquers and maintains peace and tends to bind the nations of the earth in perpetual amity.

## APPENDIX.

*Table of the saving in distance from New York to the following places by the Isthmus of Panama over the Cape routes.*

From New York to—	Distance via Cape of Good Hope.	Distance via Cape Horn.	Distance via the Isthmus of Panama.	Saving in distance over the route by the Cape of Good Hope.	Saving in distance over the route by Cape Horn.
	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>
Calcutta.....	17,500	23,000	13,400	4,100	9,600
Canton .....	19,500	21,500	10,600	8,900	10,900
Shanghai.....	20,000	22,000	10,400	9,600	11,600
Valparaiso.....	—	12,900	4,800	—	8,100
Callao .....	—	13,500	3,500	—	10,000
Guayaquil.....	—	14,300	2,800	—	11,500
Panama.....	—	16,000	2,000	—	14,000
San Blas.....	—	17,800	3,800	—	14,000
Mazatlan.....	—	18,000	4,000	—	14,000
San Diego.....	—	18,500	4,500	—	14,000
San Francisco.....	—	19,000	5,000	—	14,000

*Table showing the trade of the United States that would pass through the Atrato Canal, if now finished, taken from the official returns of the year 1857.\**

Countries traded with.	Exports and im- ports.	Tonnage.
Russian North American possessions	\$126,537	5,735
Dutch East Indies.....	904,550	16,589
British Australia and New Zealand.	4,728,083	52,105
British East Indies.....	11,744,151	177,121
French East Indies.....	98,432	3,665
Half of Mexico ...	9,601,063	34,673
Half of New Granada.....	5,375,354	131,708
Central America.....	425,081	36,599
Chili.....	6,645,634	63,749
Peru.....	716,679	193,131
Ecuador.....	48,979	1,979
Sandwich Islands.....	1,151,849	33,876
China.....	12,752,062	123,578
Other ports in Asia and Pacific....	80,143	4,549
Whale fisheries.....	10,796,090	116,730
California to east United States†...	35,000,000	861,698
Value of cargoes.....	\$100,294,687	1,857,485
Value of ships.....	92,874,250	at \$50 per ton.
Total value of ships and cargoes...	\$193,168,937	\$92,874,250

\* Congressional Reports on Commerce and Navigation. † Exclusive of gold dust.

Whale ships and coasting vessels have been estimated generally throughout this appendix at \$40 per ton. The United States and European commerce round the Capes is conducted in first class ships, which often cost \$80 per ton; \$50 have therefore been taken as the fair average value in the construction of this table, which does not include coasting trade.



*Table showing the trade of England that would pass through the Atrato Canal, if now finished, taken from the official returns for the year 1856.*

Countries traded with.	Exports and im- ports.	Tonnage.
Half of Mexico.....	\$2,775,137	11,833
Half of Central America.....	1,244,817	5,615
Half of New Granada.....	2,437,605	10,188
Chili.....	15,486,110	118,311
Peru.....	20,473,520	244,319
Ecuador.....	360,015	1,820
China.....	{ Outward only 40 days saved by canal.       {	68,530
Java.....		16,003
Singapore.....		16,500
Australia and New Zealand.....		522,426
Sandwich Islands.....	520,560	1,950
California.....	2,378,105	11,800
Value of trade.....	\$139,184,834	1,029,295
Value of ships.....	51,464,750	at \$50 per ton.
Total value trade and ships.....	\$190,649,584	\$51,464,750

*Table showing the trade of France that would pass through the Atrato Canal, if now finished, taken from the official returns for the year 1857.*

Countries traded with.	Exports and im- ports.	Tonnage.
Chili.....	\$10,000,000	25,688
Peru.....	13,160,000	35,096
Half of Mexico.....	2,790,000	10,004
Half of New Granada.....	1,090,000	2,389
Ecuador.....	440,000	1,651
Bolivia.....	100,000	1,000
California ..	2,073,859	8,997
China.....	{ Outward only.       {	2,028
Dutch East Indies.....		20,400
Sandwich Islands.....		4,119
Philippine Islands.....		1,463
Australia.....	19,800,000	50,000
Value of cargoes.....	\$59,073,859	162,735
Value of ships.....	8,136,750	at \$50 per ton.
Total value.....	\$67,210,609	\$8,136,750

*Table showing the total tonnage that would pass yearly through the Atrato Canal, if now finished, from official returns.*

United States.....	1,857,485 tons.
England.....	1,029,295 "
France.....	162,735 "
Other countries.....	44,555 "

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Total ..... 3,094,070 tons.

*Table showing the general results of the preceding tables.*

Tonnage and trade of United States.....	\$193,168,937
“ “ England.....	190,649,584
“ “ France.....	67,210,609
“ “ other countries.....	16,802,000

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Total trade affected by the canal.....\$467,831,130

*Table showing the saving to the trade of the world by using the Atrato Canal.*

United States.....	\$35,995,930
England.....	9,950,348
France.....	2,183,930
Other countries.....	1,400,000

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Total .....\$49,530,208

Exports of Great Britain increased one hundred and seven per cent. in ten years. Exports of France increased one hundred and thirty per cent. in ten years. Exports of the United States increased ninety-three per cent. in ten years. The average increase is one hundred and ten per cent. in ten years. If the trade increase one hundred per cent. in the next ten years, the saving to the world will then be \$99,060,416 per annum.

*A summary of the estimated cost of the canal and appurtenances.*

Works at the mouth of the Atrato.....	\$550,800
Excavations under water in Truando.....	3,280,000
“ at confluence of open cut, etc..	20,000
Excavation between confluence, as above, and Pacific (excepting tunnel), calling all the quantities rock, and estimating that the grubbing and clearing would be thus included.....	39,941,997
Tunnel \$2, heading \$10.....	12,701,920
Harbor at Kelley's Inlet.....	1,150,000



# SHIP-CANAL.

33

Lighthouse .....	\$35,000
Piers .....	55,000
Depots on Pacific .....	50,000
“ on line, and Hospitals .....	35,000
Depot at Junction .....	15,000
Executive Department .....	120,000
Engineer Department .....	375,000
Medical Department .....	80,000
Pay Department .....	90,000
Commissary Department .....	120,000
Quartermaster's Department .....	135,000
Dredging machinery .....	350,000
Hoisting and pumping engines and machinery .....	875,000
	<hr/>
	\$58,949,717
Add 25 per cent. contingencies .....	14,737,424
	<hr/>
Total .....	\$73,687,141

The following table will show the money to be spent year by year, and the interest on each year's expenditure, as long as paid by the Governments, and the amount of interest-money to be paid each year:

<i>Spend.</i>	<i>Pay interest at 5 per cent.</i>
1st year.....\$3,000,000	\$150,000 for 12 years \$1,800,000
2d “ ..... 5,000,000	250,000 for 11 “ 2,750,000
3d “ ..... 8,000,000	400,000 for 10 “ 4,000,000
4th “ ..... 9,000,000	450,000 for 9 “ 4,050,000
5th “ ..... 9,000,000	450,000 for 8 “ 3,600,000
6th “ ..... 9,000,000	450,000 for 7 “ 3,150,000
7th “ ..... 9,000,000	450,000 for 6 “ 2,700,000
8th “ .....11,000,000	550,000 for 5 “ 2,750,000
9th “ .....12,000,000	600,000 for 4 “ 2,400,000
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Total cost..\$75,000,000	Total interest.....\$27,200,000

NOTE.—I take pleasure in acknowledging my obligation to F. M. Kelley, Esq., for valuable information, and the statistics contained in my remarks and the appendix.

## A JUST BANKRUPT LAW:

### ITS PRESENT NECESSITY AND IMPORTANCE AS A PERMANENT ACT.

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HOUSE OF REPRESENTATIVES, June 3, 1862.

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When this speech was delivered, events arising from the war had caused an almost unprecedented number of mercantile failures. They had befallen the sufferers suddenly, unexpectedly, and from causes entirely beyond their control. Hence, measures of relief were due to them. Mr. Ward showed that, reasoning from the ordinary principles of human nature and the experience of commercial countries, a bankrupt law, duly guarding against fraud, but releasing the honest debtor, is for the interest of the creditor himself, and should be a part of every just and well-considered code.

Mr. CHAIRMAN: The recent action of this honorable body, in postponing until the third Monday of December next all consideration of the bill reported by the Special Committee "to establish a uniform system of bankruptcy throughout the United States," is viewed with much surprise and regret by a large class of our citizens who are bowed down by pecuniary obligations, from which there can be no relief except through the provisions of such a law. Supposing that adequate measures to relieve honest but insolvent debtors, and to afford creditors increased facilities for collecting their just debts, would be reported at the proper season, early during the present session of Congress, I purposed making some remarks when the bill should be discussed, but as the House has, I think, inconsiderately and without a full knowledge of the subject summarily disposed of it for a time, I deem it my duty to my constituents, and to the country itself, to bring forward the chief points of the question to a fair and just consideration of the representatives of the people. Such an act

I regard as of vast public moment, and one that should not be delayed, even in a crisis like the present, unparalleled in the history of nations, when treason is seeking to overthrow the government. While crushing out this most unnatural rebellion, we should not be unmindful of important measures, which, in addition to conferring present benefits upon the people, will also contribute to the future welfare of the country upon the return of peace.

A more deep interest is felt upon this subject in our commercial cities than in other sections of the Union. The benefits of a well-regulated bankrupt law would be confined to no locality, but affect all parts of the country. The objections to such an act are chiefly made by those who, from the nature of their pursuits, are least conversant with the operations of commerce, and who will be the least concerned in the proposed change. It would be conducive, I think, to the common weal if, on this point, something were yielded to the mature judgment of the people in those places which are chiefly concerned in this subject—to the commercial classes, who, by their energy, do so much to give life and vitality to industry and production throughout every State. Some concessions should be made by each for the common good. If trade and commerce are fettered, a corresponding injury is felt in the agricultural and manufacturing districts. Every portion of the country looks to New York and other commercial cities for capital and business facilities. Stagnation or paralysis, to whatever extent they prevail in the great emporia, injure the national system of trade to its most remote extremities.

The enactment of a just bankrupt law, impartially and by proper rules regulating the relations and interests of debtor and creditor, has demanded the attention of Congress ever since the organization of our Government. I deem the attention of the House is now especially due to the subject in consequence of the effects produced by the present rebellion, the ruin of many honorable and loyal men, who, by their commercial and manufacturing pursuits, promoted in better times the prosperity and employment of labor in the North, contributing, at the same time, no little to supply the necessities and comforts of life to the



South, thus tending to unite the two sections of our country by the firm bond of frequent intercourse and material interests, now for a time suddenly snapped asunder to the infinite injury of the States composing this Union, and of the world itself. The rebellion which we are struggling to repress has its victims not only on the battle-field, but also in the ranks of commerce. The abundant crops of the North, and the foreign demand for our breadstuffs, have preserved many of our citizens from the experience of these disasters—perhaps from a knowledge of their existence. In other cases, the manufacture of fire-arms, clothing, and other articles necessary for the welfare of the army, or progress of the war, has occasioned a local and limited prosperity ; but the pressure caused by cutting off the Southern trade increased the mercantile failures so greatly that in the aggregate last year they exceeded by 2,041, or more than 40 per cent., the number of those who became insolvent in the great crisis of 1857. A careful estimate of these failures shows that they amounted to 6,993 in 1861, while in 1857 they were only 4,932. In this calculation those only are included whose separate liabilities amount to at least \$5,000. Were it possible to enumerate the smaller debtors, who have failed from the same causes, the aggregate would be enormously increased. We cannot restore their lost wealth to men who have been overwhelmed by calamities which they did not merit, and of which they could not foresee the origin or consequences, but it is at once our duty and our wisest policy to enable those who are thus embarrassed and are willing to surrender all they possess on earth for the benefit of their creditors, to labor again with renewed hopes on behalf of themselves and their families, thus also contributing to the enlargement and reinvigoration of that commerce and those varied industrial callings on which the collection of the large revenue imperatively required for national purposes now so greatly depends.

Mr. Chairman, there are many friends of the Union in the Southern States who have lost their property through their loyalty to the Constitution, and whose losses we should endeavor to alleviate. Whenever peace is restored, the solvent merchant of the South will no

doubt pay his obligations, but we need such a law as shall interpose between the debtor and the creditor in the South as well as in the North, so as to counteract the tendency of popular and neighborly feeling to do injustice, and favor home creditors instead of those residing at a distance, or in other States, by facilitating preferential or fraudulent assignments, the system now unfortunately prevailing. In this way creditors will receive their just proportion of whatever assets may remain. The same laws which tend to create general dividends, and to make men honest, will operate in each section of the Union upon the same human nature, and tend to produce the same results. The South is already deeply impoverished, and as long as she remains so, the interests of our merchants must suffer with her. On the return of peace, the restoration of prosperity to all parts of the Union will be no less conducive to Northern than to Southern interests. A humane and permanent bankrupt law, enacted by the General Government, will save millions of dollars to the Northern creditors, and prevent endless delay and litigation.

In 1841 an extra session of Congress was called, chiefly for the purpose of adopting some measures of relief for the embarrassed condition of the country, and especially for the relief of debtors. In my judgment, this class of our fellow-citizens never deserved our attention so much as at the present time. Comparatively few of the recent insolvencies have resulted from headlong speculations like those which culminated in 1837. Many debtors yet remain weighed down by the cares and difficulties caused by the financial embarrassments of 1857, when, in eight weeks alone, after a long-continued expansion of loans and the circulating medium, the banks of the city of New York called in twenty-one millions of bank debt, and the other one thousand three hundred and fifty banks of the United States adopted the same policy. The revulsion was not confined to this country or this continent, but swept over the world, and was, perhaps, felt with more severity by other nations than our own. No foresight on the part of many who were then substantial and prosperous men of business could have



provided against the complicated disasters of that year. Prudent men, engaged in their ordinary pursuits, were struck down without any sufficient warning, and many who had reason to believe themselves rich, and beyond the reach of the casualties of fortune, suddenly became bankrupts. But while the number of those who were reduced to insolvency is greater than in 1857, it is equally certain that the sources of their difficulties were unanticipated alike by the Government and merchants of this country. So far as commercial causes alone were concerned the prospects of a successful and stable business were seldom more flattering than theirs were a year and a half ago. The causes of recent insolvencies are for the most part entirely political, and the unhappy men who have thus been ruined should no more be punished for these misfortunes than for any of the numerous accidents to which mankind is liable.

The present indebtedness of the Southern to the Northern States is carefully estimated to be about \$300,000,000, of which \$159,000,000 are due to the city of New York, \$24,100,000 to Philadelphia, \$19,000,000 to Baltimore, and \$7,600,000 to Boston. By the losses thus incurred many men of honor and integrity, whose means of meeting all their pecuniary engagements were as little doubted by themselves as by all who knew them, are undergoing the slow torture of mercantile failure, hopeless and life-long if they are not relieved by the Government of their country. In not a few cases the amount of their debts is many times less than that due to them by their former customers in the Southern States. Last year, in the city of New York, nine hundred and thirteen mercantile houses became insolvent, whose separate liabilities were in no case under \$50,000, and in several instances amounted to some millions. Out of two hundred and sixty-six leading dry-goods houses reported as good when the rebellion began, only sixteen remain, and their condition is precarious. These firms cannot well be spared from our commercial circles at this present crisis. The common rules of humanity require our sympathy in their behalf, and no less do justice and a regard for the interests of the republic require that, after a strict examination of the affairs of

each insolvent, if he uprightly and honorably surrender his property for the benefit of his creditors, he shall be permitted to begin the world anew.

Sir, it is a striking fact, and little to our credit, that while in most respects the United States adopt a system more lenient to the debtor than that existing in any other nation, they should not have adopted such measures for exacting justice to creditors, and affording relief to honest and unfortunate debtors, as England, France, and most other commercial countries have long ago adopted and found, by long-tryed experience, to be at once expedient and humane. The just protection of the weak and unfortunate is eminently characteristic of our institutions and of the customs and wishes of our people; and yet no wise and equitable law exists by which each bankrupt may be compelled to distribute his assets fairly and impartially among his creditors, and may then be free to devote his energy and ability to future acquisitions. Our States have, for the most part, long ago abolished imprisonment for debt, but we yet continue to treat misfortune as if it were a crime, and leave debtors as prisoners at large. They may indeed use their personal labor to earn a livelihood, but the reward of successful industry arises far more from savings and the accumulation of capital than from labor alone; and from these opportunities they are debarred. The hand of the law cuts them to the quick through one of the most honorable and sacred instincts of our nature, by disabling them from making any provision for their families. The insolvent debtor can make no saving for the support of himself, his wife, and children when he is disabled from earning the means of subsistence, either by sickness, or by those natural infirmities of advanced age, to which, sooner or later, we must all succumb. All savings are prohibited, and nearly all hope for the rest of his life is destroyed. Many thousands of the most deserving of our fellow-citizens are in this condition. Many, alike from the liberal enjoyment of riches and from moderate competence, have thus been reduced to poverty and want. If their sufferings affected themselves alone, or arose from their own imprudence and recklessness, they would be less worthy of our sympathy,



but they blight whole families and arise in many cases from causes which no ordinary wisdom could have foreseen, yet less could have controlled. Insolvency among mercantile men is one of those calamities of which it may well be said "Let him who thinketh he standeth take heed lest he falleth." The various casualties arising from commercial changes, the dishonesty of employees, losses by fire or on the ocean, or through civil war, make daily additions to the number of failures. It is estimated that throughout our great commercial cities in ordinary times five per cent. of the persons engaged in business fail every year. Ninety-five per cent. of our chief business men become insolvent at least once in their life-times, and most of those who ultimately succeed have at some time passed through the same ordeal and been dependent upon the leniency or indulgence of their creditors. In many—perhaps in most—cases the honest debtor is met by his creditors in the spirit of justice. Creditors who adopt this line of action will surely not complain of a law making the course they pursue obligatory upon other creditors, thus preventing fraudulent and preferential assignments and much expensive litigation and delay.

Those who conscientiously oppose such a law as will tend to render justice to both parties by exacting from the debtor all he possesses, to be divided equally among his creditors, guarding, by stringent and effective laws, against fraud, and restore him again to active life, are, I think, influenced rather by habit and custom than by due consideration. A bankrupt law, properly regulated, is a necessary element of every well-adjusted commercial system. Commerce has always been and always will be attended with many hazards. In an early period of human history, before credit became an element generally recognized in commercial transactions, and when the artificial wants of the people were few and unimportant, the risks attending the exchange of commodities were chiefly those connected with carriage from place to place, including dangers from the elements and from the invasions and robberies incident to an unsettled condition of society. Trade was chiefly limited to payments in hand. The code of laws was founded upon principles less hu-



mane and exalted than those we now recognize as of the Highest Wisdom. The unfortunate debtor was regarded as a criminal who could only discharge his obligations to a wronged and indignant community by a protracted or life-long confinement in prison, or by becoming a slave for a term of years or for life. It may have been that the losses which then occurred were often caused either by collusion with others or by some violation of common honesty. In our time we have ceased to hold the common carrier responsible for those calamities or injuries which are caused by the act of God or of the public enemy, but the debtor is not the less held to his obligations, although the losses which have overwhelmed him are caused by war or rebellion, or by those natural causes in which man had no direct or immediate agency.

In early history, the annals of all maritime and trading nations are red with the blood with which the laws as to debtors have been written. There was a period in Roman history when the body of the debtor was divided among his creditors; and in our century and time he has been placed in close confinement, with no means of subsistence except such as were afforded by the charity of friends, as if thus he would be enabled to discharge his debts to his creditors. The heart sickens, in this age of better humanity, at the recital of those disasters which in former times overtook the poor delinquent and those who, under Providence, were naturally depending upon him for sustenance and support.

The history of Great Britain affords us many instructive suggestions on this subject. Occupying only a narrow territory, her commerce, more vast than was ever attained by any other country, is supported by a system of credit. The most close investigation of economic science and a careful practical application of sound principles are necessary to maintain the prosperity, it might almost be said even the existence of her people. Her credit system, like our own, is liable to many reverses, which the records of her courts of bankruptcy, stringent as they are, show to be unavoidable. The peculiar hazards necessarily attendant upon widely-diversified commercial operations early induced her statesmen to turn their attention to



some method of rapidly and certainly distributing the remaining assets of insolvent debtors. Accordingly, about the year 1543 (35 Henry VIII.), more than three centuries ago, Parliament enacted the first bankrupt law in that kingdom. It is worthy of notice that early legislation upon this subject arose from a regard to the interests of creditors only. It was intended chiefly to guard against the frauds which, even then, and under the former system of severe punishment, were supposed to account for a large proportion of the failures. It had become a common occurrence for delinquent debtors to flee from the kingdom in order to avoid the imprisonment consequent upon failure, taking with them whatever valuables they could carry; and the first enactments of bankruptcy were for the purpose of preventing these summary and inconvenient methods of payment. Severity towards debtors had been found to defeat its own purposes. From time to time these laws had been modified for the benefit of debtors. From the first enactment of a bankrupt law in England, they have been regarded as necessary parts of every well-adjusted commercial code. The broad principle is fully recognized that whoever shall, in good faith, surrender all his property for the equal benefit of his creditors, shall be discharged from his debts. The law of that country now provides both for voluntary and compulsory bankruptcy, and the interest of both parties, so far as they can be protected by statutory provisions.

For many reasons, a bankrupt law is more necessary in the United States than in any other country. Although we rank high among the chief maritime and commercial nations, transacting a vast trade between the different States of our own Union, and a widely-extended commerce throughout the world, our business is done with comparatively limited capital, and is, therefore, attended with more than ordinary hazard. A common spirit of enterprize arises from the general intelligence of our people, the character of our institutions, and the unlimited resources of our vast territory. But here nearly all business men unavoidably encounter greater perils than in European nations. The financial revulsions



which occur in all commercial countries are here peculiarly severe. Our business men depend, to a great extent, upon the facilities and paper money furnished by the banks. Great fluctuations continually occur in the amount of the currency, loans, and discounts obtained from these institutions. Upon this subject the panic of 1837 is suggestive. In January, 1834, bank loans and discounts amounted to \$324,119,499, but in the corresponding date in 1837 they reached the amount of \$525,115,702, having increased more than 60 per cent. in three years.

The extraordinary expansion in the circulation and loans, stimulated by the removal of the public deposits from the United States Bank to the State banks in October, 1833, led to a great increase in importations, which rose up from \$108,118,311, in 1833, to \$189,980,035 in 1836, and largely affected the sale of public and other lands. The receipts from the public lands in 1833 were \$3,967,682, and in 1836 \$24,877,179. The over-trading and speculation thus engendered were brought to a close in 1837, by the "specie circular," and the panic of that year ensued, resulting in the suspension of specie payments by the banks and in a general bankruptcy.

Instead of a natural increase in the loans and discounts of the banks, in accordance with the increase of population and the exchangeable products of the country, a decrease continued until 1843, when they were only \$254,544,937, or less than half of the amount six years before. Not until 1854, a period of seventeen years, did they again attain the same amount as in 1837. They then had gradually increased to \$684,456,887 by January 1, 1857, but in the year following were suddenly diminished by more than \$100,000,000. The circulation in current bank notes fluctuated in the same manner. From \$94,839,570, about January 1, 1834, it increased to \$149,185,890 in 1837, decreased to \$58,563,608 before 1843, then gradually increased to \$214,778,822 at the beginning of 1857, but during that year was suddenly diminished by about \$60,000,000, or nearly one-third its amount, being only \$155,208,344 on January 1, 1858.

The financial revulsion of 1857, the effects of which

are yet in existence, arose from causes in some respects different from those of 1837. Until 1857 commerce and bank facilities had seemingly kept pace with the population and resources of the country. The origin of these reverses may chiefly, I think, be traced to the increased diversion of capital from its legitimate purpose to railroad enterprises and Western land speculations. Prior to 1858, about 24,290 miles of railways were constructed at a cost of not less than \$1,000,000,000. An impetus was thus given to land operations along the lines of many new routes of travel. From 1854 to 1856, inclusively, the proceeds from land sales amounted to \$20,404,691. No less than 26,691,670 acres were appropriated to bounty land warrants and 18,372,550 acres more were granted by the 34th Congress to railroads.

These figures, taken from the financial report of the Secretary of the Treasury, furnish an unerring index to some of our commercial revulsions. The system should be familiar to us all. For many consecutive years there is a gradual increase in the circulating medium and in the accommodations of the banks. When the crisis approaches money is said to be abundant. Those who receive loans from the banks are enabled to extend their own credit and give credit in return to the numerous traders, manufacturers, and adventurers who, in this country, are never at a loss for opportunities of speculations or public improvements. Notes of hand, mortgages, stocks, and even real estate itself, being then readily convertible into money, become, to a considerable extent, a medium of exchange, and swell the volume of the currency. The system pervades every class of society. Hope and inexperience ever suggest that the new prosperity will be permanent and progressive. Each epoch presents new features. The lessons of past teachings are held to be inapplicable to the present time, and are unconsidered, or where they are remembered, the days of adversity are confidently believed to be remote. Personal property of nearly all kinds is bought and sold on an extended system of credit. Stocks are negotiated which when the time of pressure arrives are swept away by earlier liens. The amount of railroad stocks and securities alone, which



ceased to have any cash or negotiable value in 1857-58, is believed to have been not less than \$500,000,000. Real estate is often bought and deemed the most secure investment, a quarter or half the purchase money being paid down, and a bond and mortgage given for the balance. The mortgage is foreclosed during the revulsion, at a sale where there is little competition or none at all, and the mortgagor is held for the remaining balance of the debt. In many cases the rent of costly edifices in large cities is diminished at least one-half of its previous amount. Public works are suspended. Manufactories are stopped, wholly or in part; and the grain itself, which would have been exchanged for other products, remains in the granaries of the farmer or unthrashed upon the prairies, for need of the requisite money or mutual confidence to bring it to market.

Suddenly, and without any warning intelligible to the public, a financial collapse occurs. Men whose credit was unimpeachable, and whose pecuniary responsibility was as little doubted by themselves as by others, become unable to sell their property or negotiate new loans, while they are required to pay the debts they have already contracted. Their "means have been invested." Tens of thousands become insolvent who have abundant property to pay the whole of their debts, if it could be sold at the average price of the few preceding years; but the relative value of money and of property has been changed. Frequently creditors are willing, under such circumstances, to release the debtor and assist him with credit in renewed exertions, but their good intentions are frustrated by others who insist on the full letter of the law which gives them their pound of flesh, and continues the useless bondage of the debtor. He is free to go where he chooses, but he can accumulate no saving, either for the benefit of his family, for his own use in sickness or old age, or as a small capital by which he might be enabled to pay the debts conscientiously contracted in more prosperous times, with full belief in his ability to pay them. He is like those who are said to have been sentenced laboriously to draw water, pouring it into empty vessels whence it escapes as quickly as it enters. This is the penalty our

laws inflict on undeserved pecuniary misfortune. No sooner is a frugal debtor known to lay aside a small surplus from his earnings, than he is stripped by the creditor. Hence artifices are adopted. Recourse is often had to indirect ownership, sometimes involving actual perjury without offending against legal enactments, but destroying self-respect and inflicting the penalties of conscious guilt upon the perpetrator, who often drifts on gradually through much suffering, to greater and greater demoralization. His family is reared and its character formed amid a cloud of adverse circumstances. If we cannot make men honest, we can lessen the temptations which often lead them to do wrong.

Let us see who is benefited by the laws which inflict so much misery upon debtors, even when they are honest, and upon their no less innocent families. The percentage of debts paid out of insolvent estates is larger where bankruptcy laws exist. The experience of England is conclusive on this point, for the chief object of the bankrupt law of that country, found by the experience of several centuries to be attained, is to render the estate of the bankrupt available in liquidation of his liabilities before it can be concealed by fraud or dissipated by bad management, or other means. As the morals and philosophy of trade advanced, it was found that humanity to the debtor did not diminish the payment of debts, but had the contrary effect; and then the present creditable system found a place in the statute books of England. The creditors at once receive the proceeds of the bankrupt's estate, and he is wholly released from his liabilities.

Business men of the widest commercial knowledge concur in the belief that such a law would produce good results in our own country. The belief has a broad foundation in human nature itself. The first intentions of men are less selfish than their second thoughts. The trader who has recently become insolvent is both able and willing to do more for his creditors than he is either able or willing to do after long protracted despair and insolvency. Those who, for commercial purposes, have made this subject their special study affirm that, whenever a moderate compromise has been offered immediately



after failure, and been repelled, in hopes of obtaining a better settlement, the creditors, in ninety cases out of a hundred, would afterwards be glad if they could compromise the debt at a smaller percentage, but usually fail to realize anything—the debt becoming a total loss.

An attempt to settle with their creditors is usually one of the first efforts on the part of those who become insolvent. If the debtor fails in this through want of concurrence among his creditors, and the claims against him are pressed, he foresees long years of thralldom and embarrassment, and his next impulse is to secure provision for himself and family. In his despair of meeting with justice, he often has recourse to many subterfuges, few of which ever reach the public ear; but the common course is to make a preferential assignment, permitted by law, thus placing his assets in the hands of one or more friends, from whom he hopes to obtain employment or assistance in business, or perhaps support and money from the actual proceeds. The remainder of those to whom he is indebted remain unsatisfied, and he bids them defiance. Creditors, on the other hand, fearing assignments of this kind, often submit to compromises which they know to be unjust. A proper bankrupt law prohibiting these assignments would diminish, if it did not destroy, such dangers, and thus befriend the creditor. In many cases through these assignments, or by other means, the debtor is tempted to keep all he can until some such terms as he thinks favorable can be effected. From this time he leads a surreptitious and demoralizing life. Perhaps one creditor alone objects to the offers made. The debtor is determined not to pay one unless he can pay all. It is necessary his family should be maintained. Time passes, and his assets are diminished. Often the creditor, fearing preferential assignments, hesitates to use legal measures. The only dividend that can now be offered seems paltry. The debtor, finding that neither the world nor the world's law befriend him, and believing that the bondage of debt will be perpetual, not unfrequently sets aside the common restraints of prudence and morality, and becomes an incubus, an injury to society, instead of devoting his intellect and energies to its benefit. If of a

nature too scrupulous and honorable to yield readily to temptation, his sufferings are severe and constant. He endeavors to provide for those dependent upon him, but their respect for him is diminished by his own loss of conscious independence, and the change experienced in the social position of them all, arising from the necessity of proper retrenchment. This he and they can meet, but society always attaches a certain degree of odium to the insolvent, who in his turn is humiliated, and often so far depressed that he resorts to dissipation as the means of finding a temporary forgetfulness. He feels weak and degraded in the eyes of that little domestic circle of his wife and children, of those whom he is bound by every honorable and sacred instinct of our nature to maintain and defend at all legitimate hazards, by the daily labor of his life, receiving in return, as his natural right, the cherished equivalent of their affection and respect. He can bestow upon them nothing more than a temporary subsistence, taking care at best that he never has at his command more than the savings of a limited number of days. The law has done all it can to make honesty no longer the best policy for him, and the only hope he has of worldly prosperity, of competence, or of maintaining his family depends upon the successful practice of dishonorable concealments.

It is urged by many persons that the bankrupt act of 1841 was unpopular, and led to the overthrow of the party that was chiefly instrumental in its passage. I regard such an objection as unworthy of statesmen of wide and liberal views, who comprehend a true and enlarged commercial policy. The passage of that act was preceded by an extraordinary financial panic, resulting in general insolvency, the causes of which I have briefly traced already. There was no relief for these bankrupts except through the passage of such a law. It was urged upon exaggerated grounds, as to the number of the insolvents and the amount of their indebtedness, and formed a part of the series of financial measures of the party then in power. Under a great pressure it was passed. It was objectionable in some respects; in these particulars it could have been afterwards amended; but in its



main features it would have operated beneficially. As soon as the voluntary applicants, who were 33,739 in number, with an aggregate indebtedness of \$440,934,-315.01, were relieved, or in the process of relief, the law was repealed—just when, through the involuntary clause, it would have become serviceable to the creditor, contributed largely to prevent future panic, and exercised a wholesome influence upon trade and commerce. The error was not in the passage of the act of 1841, but in its too early repeal, before it had received a fair trial.

Another prominent argument against affording relief to the unfortunate but honest debtor who has become the victim of casualties which, perhaps, as in the case of our present war, the statesmen and Government of our country were unable to prevent or foresee, is founded upon the fact that the assets of those who became bankrupt, under the law of 1841, yielded only a small percentage to their creditors. Merely a moment's reflection would be sufficient to make it plain to any man that the losses then brought within the reach of statistical research were the accumulated losses of many previous years, created under the operation of laws like those now existing, when, as now, there was no general law of bankruptcy. No such enormous aggregate of hopeless debt could have been accumulated under a permanent bankruptcy law. In almost every case the creditor would have compelled an equitable distribution of the estate of the insolvent, before it was dissipated through delay; or the debtor would have availed himself of the prospects opened to every honest man by just enactments, before his assets had been so fully consumed or squandered. These losses were incurred under a legal system permitting preferential assignments, and thus encouraging unjust concealments. Under a proper system the creditor would not be restrained by threats from enforcing his claims, but would compel bankruptcy and obtain a dividend before the estate could be concealed by fraud or spent in the maintenance of the despairing and entrammelled debtor.

It should also be borne in mind that a large portion of the liabilities of bankrupts in 1841 was created in the

purchase of unimproved property, partly paid for in cash, and the remainder secured by bond and mortgage. After the panic, the mortgagor failing to meet the principal, the real estate was sold, and bought in by the mortgagee, at, in many cases, less than the amount of the mortgage; thus securing his cash payment, and finally the whole property. The bankrupt act did not disturb prior liens. Again, the assets were put up at auction by the general assignee, in many cases, without an investigation as to their value, and were bought up by some friend of the bankrupt who had more accurate information as to them.

Sir, reckless speculators will continue to encounter risks, whatever may be the statutes, but the history of the world assures us that the most flagrant speculations have occurred where insolvent debtors were treated as criminals. We are yet without experience to guide us as to the comparative percentage paid under the present system, and the amount that would be paid under a just, stringent, and permanent law of bankruptcy; but it is worthy of note, that while under the insolvent laws of England, which release the body but do not discharge the debt, few dividends are made, a dividend is almost always made under the bankrupt laws which encourage integrity, by permitting the debtor to have brighter prospects for the future, by releasing him alike from prison and the debt—giving him no hope of prosperity but through perfect honesty, yet allowing him through this course of conduct, a relief, complete and permanent. Such laws present all possible motives for honesty, and powerful incentives to abstain from fraud.

Sir, it seems to be a just view of the case, in accordance with the opinions usually entertained by business men, that the parties to commercial transactions, where credit is given, are, to a certain extent, adventurers in common. For fraud or dishonesty, the guilty should be punished—but in sales on credit, the risk is borne by each party, although not in equal proportions. The vendor enquires closely as to the pecuniary means of the purchaser, his habits of life, his knowledge of business, and his adaptation to its pursuits. He calculates the chances of his



customer's success, by inquiries as to the competition he will experience, his practice of selling on time or on credit, and by information from all possible sources. In this case he may be regarded as an insurer of his own debts, and generally charges his debtor a higher price upon credit than for cash. Hence in those cases where misfortune and not his own crime has overwhelmed the debtor, he should, upon surrender of his effects, meet with an honorable discharge.

Various systems of insolvency regulating the relations of debtor and creditor prevail in different States. Special enactments for this purpose are necessary in every commercial community. In some cases his present assets are distributed, and he obtains no release from the debt—his future acquisitions being deemed also the property of his creditors. In others the person of the debtor is discharged, and he is free to acquire property in future, if a specified proportion of his creditors vote in his favor. In yet other cases he is discharged if his assets pay a certain percentage of his debts, and the consent of his creditors is not essential to his release.

Insolvent laws, of which any debtor whether imprisoned or not may have the benefit, exist in California, Michigan, Ohio, Indiana, Louisiana, Missouri, Connecticut, New York, Massachusetts, and Rhode Island. Those persons who are imprisoned on civil process are alone entitled to relief in Delaware, Maryland, Tennessee, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Illinois, and New Jersey. In Maine, New Hampshire, Kentucky, and Virginia, the relief is confined to debtors charged in execution.

In California, Michigan, and Massachusetts statutes provide for the discharge of the insolvent from the debt itself if his assets are assigned and distributed among his creditors, while in many other States his person only is excepted. In the State of New York the insolvent laws enable the debtor, with the consent of "two-thirds in value" of his creditors, and on the due surrender and disclosure of his property, to be discharged from all his debts contracted within the State, with certain exceptions.

For commercial purposes the different States are a unit.

At present their laws do not extend beyond the limits of the separate States, and the persons subject to their separate jurisdiction. In this varied legislation of the different States we find a valid reason for comprehensive enactments. A law which will embrace the whole Union in its provisions has now become indispensable. Nothing less can relieve our insolvent citizens from the heavy pecuniary obligations which oppress their energies, blight their future, and deprive the country of the benefit of their services and industry.

It is estimated that the aggregate number of failures during the last five years, considering only those cases in each of which the debts amount to \$5,000 or more, and leaving out the numerous class of insolvents who owe less, is nearly twenty-five thousand, and the amount of indebtedness in them is nearly seven hundred and fifty millions. The liabilities last year alone were nearly as large as in the preceding three years.

Many of these liabilities have been discharged by voluntary compromise, but this condition of our commercial affairs clearly requires the intervention of Congress, and this honorable body will fail in the discharge of an important duty if it does not perform its share in affording proper relief.

Upon this subject some differences of opinion exist between the commercial and agricultural interests—the former urging a bankrupt law, and the latter inclining to oppose it. I see no good ground for opposition. Both parties would, I think, be satisfied with such an act as in its voluntary provision should apply to all persons, but in its compulsory clauses only refer to those who are merchants using the trade of merchandise, all retailers of merchandise, bankers, factors, brokers, underwriters or insurers. The agricultural interests would not be injuriously affected by such an Act. It seems to me that we can meet upon this subject in a spirit of harmony, and, without the imaginary rivalry of different interests, adopt some suitable measure that will do justice to that class of our citizens in whose behalf I now appeal to this honorable body.

Society itself has at all times an interest in the subse-



quent life and exertions of the bankrupt. The hope or expectation of future acquisition, by conducing to the industry, honesty, and morality of the unfortunate debtor, contributes to the welfare of the community. A due regard for the public good demands that the future acquisitions of the debtor who has faithfully surrendered all he owned for the benefit of his creditors, should be placed under his own control, and fully justifies prudent and careful enactments for that purpose.

## A JUST BANKRUPT LAW.

### ITS PRESENT NECESSITY AND IMPORTANCE AS A PERMANENT ACT.

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HOUSE OF REPRESENTATIVES, June 3, 1864.

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Although the necessity of a bankrupt law was sufficiently obvious, its passage was so vigorously opposed that it was not secured without persevering support. At the close of the debates at this time, a few minutes were yielded to Mr. Ward. Having already presented the subject almost exhaustively, little remained to be done except to review the remarks of his opponents and recapitulate the arguments he had advanced, and which remained unanswered.

MR. SPEAKER: I am indebted to the courtesy of the gentleman from Ohio for the opportunity of making a few remarks. I feel very reluctant, having of late been so frequently before the House, to occupy its time now, nor would I do so if this were not a subject vitally affecting commercial and manufacturing interests of the city which I have the honor in part to represent. The large cities will be much more affected than the agricultural districts by the passage of a bill of this character; but a just and reasonable settlement of the questions involved must be beneficial to all parties of the community, and I hope this Congress will have the honor of passing a bill that will relieve a large number of well-disposed but insolvent debtors from a bondage so nearly akin to slavery.

I have already, during the last session of Congress, addressed the House at length on this topic. The members of this honorable body do not often look into the details of statistics on a subject of this kind, and I feel it my duty, not only to this House, but to my constituents, to present briefly some of the main facts to be considered in this connection.

A large number of those who will be relieved by the passage of this act became bankrupt from causes originating in the present war; from causes which they could not foresee and over which they could not possibly exert any control.

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It has been urged as an objection to the passage of this bill that it will release debtors in the Southern States. A little reflection will lead us to the conclusion that as the principles of human nature are nearly the same everywhere, Northern creditors will, on the restoration of peace, receive a larger percentage of their claims against debtors resident in the South, under the mingled operations both of the voluntary and compulsory clauses of this national bill, than if the laws regulating the relations of debtor and creditor are left subject to a system of preferential assignments, or whatever other policy may be the choice of State or local governments.

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The city of New York, from its commercial character and the extent of its business, is always, in every monetary crisis, the largest sufferer. No accurate statement of the insolvencies of last year has come under my notice, but the amount of their liabilities is computed to be about \$50,000,000. I think it will be readily perceived by the House that this enormous aggregate of indebtedness can never be relieved except by means of a general law including the various States. In the absence of such an act the energies of a large portion of the people are crushed. There are probably twenty or thirty thousand individuals in this country who are now unable to extricate themselves from the evils of insolvency. If they could be discharged by a full and fair surrender of their assets they would again become useful members of the commercial community.

I trust that the House will pass this bill. The subject has been fully discussed before Congress and in the country at different periods, and such a measure as is now proposed has, with scarcely any exception, been universally approved by the leading organs of public opinion throughout all parts of the United States.



During the last Congress no less than from thirty to forty thousand persons petitioned for the passage of a bankrupt law. I am satisfied that its enactment will benefit creditors as well as debtors; for the very moment that the avenue to escape is opened, men in failing circumstances will extricate themselves from their embarrassments by surrendering their property for the benefit of their creditors, and thus the creditor, instead of being paid as at present a small percentage of his debt, or frequently none at all, will receive a much larger dividend, as the necessary and direct tendency of the proposed law is to cut off the system of preferential assignments yet permitted by law, but prejudicial to the interest of creditors in general, and frequently adopted by debtors because no other means of escape are open to them.

It has been urged as an objection to a general and permanent law of bankruptcy that under the experimental and temporary law of 1841 only a small percentage of dividends was paid to the creditors. To arrive at a just conclusion on this point it is necessary to remember that for a long period before the passage of that law, including the disastrous year of widespread insolvency, 1836-37, no national remedy existed for the relief of debtors. In the meantime, for the purpose of maintaining their families, insolvents, having no legal means of restoration to an honorable position, were naturally but too frequently induced or driven to resort to indirect methods of concealing some portions of their property which had thus become gradually exhausted, so that when the law was passed there were few assets. A permanent law tends to produce a contrary result, and to prevent the waste of assets, both by its compulsory clauses and by opening out avenues of future and hopeful employment to every debtor who passes through the ordeal with an unblemished reputation.

I regard it as a stigma on the age and country that, after we have abolished imprisonment for debt, and done so much towards enlarging the privileges and rights of debtors, we should not have a bankrupt law.

It is often said that if a man in failing circumstances will give up his property, his creditors will release him;

but practically it is well known that there is seldom a case in which there is not some creditor who will insist on having his pound of flesh. If nine-tenths of a man's creditors are willing to release him on the surrender of his property, the other one-tenth should be compelled to acquiesce and not force the debtor to pay them a hundred cents on the dollar, to the injury of the more liberal creditors, and at the risk of forcing the debtor to the adoption of a preferential assignment, or some other arrangement equally injurious to the general interests of his just creditors.

Every member of this House is, or should be, familiar with those principles of legislation which are to be considered in reference to a bankrupt law, an enactment demanded alike on the grounds of expediency, humanity, and justice. The United States alone, among all commercial nations, refuse this measure of relief to the honest but unfortunate debtor, and at the same time permit in its stead a system of preferential assignments, unjust to the creditor and demoralizing to the public. I advocate no new and untried theory. Legislation which has existed for several centuries in England, France, and the other leading nations of Europe, where it has been found by experience to attain the object for which it was enacted, compelling the just treatment of creditors, and affording relief to honest and unfortunate debtors, is worthy of our most earnest and respectful consideration. It is far more needed in this country, where monetary fluctuations are frequent, unforeseen, and violent, than in the Old World, where the changes of trade are less common and embarrassing. It is in especial accordance with the spirit of our institutions and of our people, who desire the protection of the weak, and that none shall be hopelessly oppressed. In all other respects our laws are lenient to the debtor. But let no one regard this side of the subject alone.

The interests of the creditor are also to be considered. It is proposed to render the estate of the debtor available in payment of his debts before it has been dissipated by bad management or delay, or concealed by fraudulent contrivances. The creditor, as soon as due investigation,

just to all parties concerned, can be had, is to receive his share of the bankrupt's estate; and if there has been no profligacy, no culpable carelessness, nor any attempt at fraud on the part of the debtor, he is set free once more to resume his accustomed labors for the benefit of his family and society. This course, while it is more profitable to the creditor and more humane to the debtor than the customs already prevailing, tends also to create and maintain a higher standard of mercantile integrity and honor—a possession of inestimable value to the nation.

The number of debtors who became insolvent in the Northern States in 1861, the first year of the war, was nearly six thousand, more than double the number of the same class in each of several previous years. These people were the victims of casualties which neither they nor the statesmen and Government of our country were able to foresee. At other times the sudden contraction of paper money and banking facilities, after a long period of expansion and easy credit, has produced unmerited calamities like those by which merchants and others dependent upon the Southern trade were overwhelmed in that truly calamitous year. It is our duty to provide for these people a ready and legitimate method of extrication from their difficulties. They have been left—the victims of the war—wounded and disabled on the field of commerce.

I am satisfied that no law which it is in the power of Congress to pass will be more acceptable to the people, or more beneficial to the country, than the one now under consideration. I therefore hope it will be promptly passed. I now move the previous question.



# OUR COMMERCIAL RELATIONS

WITH

THE BRITISH NORTH AMERICAN PROVINCES.

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HOUSE OF REPRESENTATIVES, May 18, 1864.

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The treaty for promoting commerce with the British North American Provinces caused an enormous and profitable addition to our trade with them; but a subsequent increase of duties by Canada, and other injurious enactments on her part, stimulated by her need of larger revenue, created much dissatisfaction in the United States. Under these circumstances the Legislature of the State of New York passed concurrent resolutions, saying that "free commercial intercourse between the two countries, developing the natural, geographical, and other advantages of each for the good of all, is conducive to the present interest of each, and the only proper basis of our intercourse for all time to come." The resolutions were referred by the Committee on Commerce to Mr. Ward, and he sought to give practical effect to their principles both by speeches and reports.

MR. SPEAKER: Among the many subjects of importance requiring our attention, none, except those immediately relating to the deplorable events transpiring in our own country, so justly occupy our time as our relations to the young and rising nation inhabiting the territory contiguous to our own on the north. If Mexico, our neighbor on the south, ready, perhaps, to form an alliance with the insurgent States, is to be ruled by a power hostile to us and our institutions, does it not form a proper portion of our public policy to cultivate the most friendly relations with the British Colonies? Mexico has, it is true, been called a republic. She has striven after the realization of popular government, but has been too weak to attain it. The result has been anarchy, followed by her falling an easy prey to Euro-

pean invaders, insignificant in number compared with her own forces. In the British Provinces the principle of government by the people through their representatives is more fully acknowledged than in any country of magnitude except our own. Already they contain a population more numerous than all the free inhabitants of the United States in 1790, several years after the Revolutionary war had terminated in peace. Their territory is capable of maintaining in affluence a population much larger than ours now is. Our commerce with the single province of Canada alone has, for the last five years, been larger than with any other country, excepting England, France, and Cuba. Can there be any doubt that it is more reasonable to attempt by negotiation the removal of any objectionable features which may have arisen in connection with the existing treaty, than to disturb the industry and investments of the large portion of our citizens now directly or indirectly engaged in this trade?

Besides the limited provisions as to reciprocal trade and navigation, the treaty settled many difficulties which had long occupied the attention of our statesmen. The free use of the St. John River was considered important to the eastern lumber trade. But the most pressing and urgent motive undoubtedly arose from the value of the fisheries near the maritime Provinces, and the imminent probability of hostilities with Great Britain unless some method could be devised by which the fishermen of the United States might pursue their calling on those coasts. A large number of our fellow-citizens are engaged in these fisheries. Their lifetime is one of difficulty and peril. From the energy and character formed by a continual struggle with the rough elements in the northern seas spring the multitude of those who, through their unconquerable perseverance and hardihood, enrich us by promoting our foreign commerce, and carry our nation's flag into the ports of every sea. A practical acquiescence had to some extent been given to our limited participation in the fisheries. The Provincial coast abounds in deep bays and inlets, very extensive, and forming an important portion of the fishing grounds. It was claimed by Great Britain that as she had jurisdiction within three miles of

the coast, the old-time limit of cannon shot, the distance should be measured, not along the shore, but from certain specified and prominent headlands. This was for a long time an essential point in the controversy.

By the Convention of 1818, between Great Britain and the United States in relation to the fisheries, we renounced forever any liberty theretofore enjoyed or claimed by American citizens to take, dry, or cure fish on or within three marine miles from any of the coasts, bays, creeks, or harbors of British North America, but stipulated that they should have forever, in common with the subjects of Great Britain, the liberty to take fish of every kind on certain parts of the coast of Newfoundland, around the Magdalen Islands, and on the coast of Labrador.

Complaints having been made by the several Colonies that the British Government did not enforce the provision of the convention, but permitted Americans to encroach upon the fishing grounds thus renounced, a case was prepared in 1841 by the Legislature of Nova Scotia, to be submitted to the imperial crown officers; and the Advocate-General and Attorney-General of England gave it as their deliberate opinion that "by the terms of the convention, American citizens are excluded from any right of fishing within three miles from the coast of British America, and that the prescribed distance of three miles is to be measured from the headlands or extreme points of land, next the sea, of the coast, or of the entrance of bays or indents of the coast, and consequently that no right exists on the part of American citizens to enter the bays of Nova Scotia, there to take fish, although the fishing, being within the bay, may be at a greater distance than three miles from the shore of the bay; as we are of opinion that the term 'headland' is used in the treaty to express that part of the land we have before mentioned, including the interiors of the bays and the indents of the coast."

The Colonial authorities maintained this view of the case, and it was confirmed by Mr. Webster, then Secretary of State, who, after quoting the first article of the convention, used the following terms:



"It would appear that by a strict and rigid construction of this article, fishing vessels of the United States are precluded from entering into the bays or harbors of the British Provinces, except for the purposes of shelter, repairing damages, and obtaining wood and water. A bay, as is usually understood, is an arm or recess of the sea, entering from the ocean between capes or headlands; and the term is applied equally to small and large tracts of water thus situated. It is common to speak of Hudson's Bay, or the Bay of Biscay, although they are very large tracts of water.

"The British authorities insist that England has a right to draw a line from headland to headland, and to capture all American fishermen who may follow their pursuits inside of that line. It was undoubtedly an oversight in the Convention of 1818, to make so large a concession to England, since the United States had usually considered that those vast inlets or recesses of the ocean ought to be open to American fishermen, as freely as the sea itself, to within three marine miles of the shore."

It would be difficult to devise a system more likely to embroil the citizens and subjects of the respective countries. From the nature of the occupation itself, and the natural character of those who are engaged in it, frequent infringements of such rules would arise. The precise distance of three miles could seldom be readily ascertained. Through the interests of men and the ardor of the chase, very different estimates would be made. A settlement of the questions regarding the fisheries in such a way as to give peace and security to the people on both sides was exceedingly desirable. The British authorities, at the instigation of the Colonies, insisted upon the strict construction of the convention, which had long been inoperative or partially enforced. Applications for the navigation of the St. Lawrence, previously granted by courtesy, were withheld. A large number of armed vessels were sent by Great Britain to the Colonial stations. An excited state of public feeling prevailed. Mr. Webster gave official information that an American fishing vessel had already been taken by the British naval force on the Provincial coast. Its crew were carried as prisoners into a British port. An expedition from other American vessels had hastily been armed and organized, and had forcibly retaken the captured vessel. It was

deemed prudent by the statesmen of each nation to arrest the progress of events which might, almost at any time, have precipitated the two countries into war, and if possible, to prevent their recurrence in the future. There was, as the present Secretary of State then said, "only one way that Congress could act, and that was by reciprocal legislation with the British Parliament or the British Colonies." By the treaty the impending dangers were wisely and honorably averted. The fish cured by the Colonists was admitted free of duty into our markets, and we acquired for our fishermen "in addition to the liberty secured to them by the above-mentioned Convention of October 20, 1818, of taking, curing, and drying fish on certain coasts of the British North American Colonies therein defined, the liberty, in common with the subjects of her Britannic Majesty, to take fish of every kind, except shell-fish, on the sea-coasts and shores, and in the bays, harbors, and creeks of Canada, New Brunswick, Nova Scotia, Prince Edward's Island and of the several islands thereunto adjacent, without being restricted to any distance from the shore, with permission to land upon the coasts and shores of those colonies and the islands thereof, and also upon the Magdalen Islands, for the purpose of drying their nets and curing their fish; provided that in so doing they do not interfere with the rights of private property, or with British fishermen, in the peaceable use of any part of the said coast in their occupancy for the same purpose."

Bills of reciprocity had from time to time been previously reported to the House, but none were adopted. After the repeal of preferential duties favoring Colonial produce in the home markets of Great Britain, measures for its free admission into the United States were more strenuously urged on behalf of the Colonies. The name and intention of Reciprocity, and the hope of approach to a system which could not fail to be mutually beneficial, were hailed with delight by many of the best and wisest of the nation. The plan was earnestly advocated on behalf of those great principles which, overlooking sectional boundaries, seek to allow free and practical scope to the natural alliance of material interests with the most

noble and benevolent designs of public or international policy.

The British and Colonial authorities refused to negotiate on the subject of the fisheries or the navigation of the St. Lawrence apart from the subject of our commercial relations with the Colonies, and they were all included in the Treaty of 1854.

Our commercial relations with Canada and the other British possessions in North America have been viewed from so many local points—the trade of one city or district has so often been considered as fairly illustrating the character of the whole commerce between us and our neighbors on the north—statistics have frequently been so partially examined with a desire to vindicate some foregone conclusion rather than to discover and deduce the truth—isolated facts have been reiterated without due regard to others of no less importance—that few enter upon consideration of this question without having formed unjust or acrimonious opinions in relation to it. I do not believe that calm argument, and candid, patient investigation are inconsistent with those just conclusions on all international subjects which are essential to the greatest prosperity of the public; or that it is more patriotic for us who have been sent here to assist in forming laws for the government of this people, to be rigorous and special advocates of some preconceived opinions or local interest than to be unbiased judges desirous of promoting the interests of the nation at large. I would be influenced by no hasty opinion, still less by any inveterate prejudice, considering details, but only considering them in connection with the broader views relating to the aggregate, by no means singling out especially for attack such a condition of international trade as may be presented at some one minor point of entry, but including as far as practicable the whole commerce of the United States with the countries whose territory extends far beyond our own on the north-east shore, and follows inland the projection of Maine, the Great Lakes of the interior, the wilds of our extreme north-western Territories, and the Rocky Mountains; and is as near to the gold-bearing States on the Pacific as to New England and



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the Atlantic, presenting a frontier coterminous with our own for at least four or five thousand miles, from Maine to Oregon.

A wide spread impression as to the operation of the treaty has been created by imperfect or mistaken representations. The injury wrought by them is not confined within these walls. The people look to us, if not for guidance, at least for the results of careful thought and deliberate investigation.

It is essentially the nature of our trade with the Provinces that our exports from certain Western ports should be very large and their imports comparatively insignificant, while the produce from these regions and Canada is poured into easterly places of entry, whence scarcely any exportation of the same articles takes place. Hence, on one side, the amounts of our sales, which are supposed to be beneficial, are regarded too exclusively, and on the other our purchases are chiefly considered, and these are supposed to be injurious to our interests, in accordance with a popular but erroneous theory, applying to great international questions between ourselves and foreigners such principles as are evidently false in individual transactions between man and man. We must consider the interests of the whole country, studying the facts presented by the whole case. We shall then, I think, be led to the conclusion expressed by the concurrent resolution of the State of New York, that "free commercial intercourse between the United States and the British North American Provinces and Possessions, developing the natural, geographical, and other advantages of each for the good of all, is conducive to the present interest of each, and is the only proper basis of our intercourse for all time to come." Let us approach the subject of our relations to the people of these countries with a desire to comprehend it accurately and fully as it is, and a conviction that errors made in the spirit of liberality and friendship are less likely to be injurious than the perverse misunderstandings and recriminations which, with their natural results of hatred, war, devastation, and bloodshed, have hitherto contributed the largest portion to human history.

There is, I think, a general belief that the balance of

trade, as it is called, is against us in our intercourse with these Colonies, but the statistics recently furnished by the Secretary of the Treasury show that during the period which has elapsed since the treaty went into effect, and computing up to as late a date as our authentic records will permit, our exports to the provinces have been \$171,628,779, while our imports have been only \$144,183,096, showing that we have sold to them more by \$26,445,683 than we have bought from them.

It appears on the same authority that while the amount of our exports to Canada alone, since 1855, has been \$134,614,376, we have imported thence articles to the value of \$133,147,600, leaving a balance in our favor of \$1,466,776. The exports of 1863 include \$3,502,180 of gold coin. If there were no balance on the other side, this fact would be unimportant. The articles brought to the United States from Canada are never articles of luxury, but of the plainest and most absolute utility, for the most part necessary to the maintenance of human life. Hence they are intrinsically more valuable than the precious metals, and usually may be readily exchanged in the markets of the world either for specie or any other commodity. The isolated fact of this exportation, due to the peculiar condition of our currency, was eagerly seized and used to make an unfavorable impression upon the public mind. As the statistics of the Canadian Government credit us with some such amount as I have named, it was inferred at once that our exports to that Province alone are annually \$10,000,000 in gold or its equivalent. It needed only a little breath, a few words, ready self-deception, bold assertion, with sufficient confidence in the credulity of the public, to expand a statement, itself imperfect and erroneous, into a bubble of these vast proportions. Upon this airy foundation were erected batteries of invective against the treaty, as if by some means we had been robbed of our just rights by the Canadians; and a vivid picture was drawn of the canals which they had widened and the railroads they had constructed through their forests, with the unjust proceeds of the robbery. In view of our temporary need of many articles in the present national crisis—for instance, to supply



our cavalry with horses and the grain most suitable for their maintenance—I should not deem it inconsistent with sound political economy to purchase them with the metal so abundantly supplied by our inexhaustible mines. Nearly the whole trade between the two countries is carried on by means of gold and silver or their equivalent in bills of exchange, or paper money redeemable in specie. For these reasons the exportation of three millions and a half of dollars in specie is not much to be regretted, but the persistent habit of regarding one side only is deeply to be deplored. It led to oversight of the fact that during the year in question we imported through Champlain alone nearly five millions of dollars in coins of the precious metals.

The balance of trade represents in the main the amount of gold and silver or their equivalents sent from one country to another; and between us and the Provinces, since the treaty went into operation, that balance has been more than twenty-six millions of dollars. Under the influence of an animus unfavorable to fair discussion the error loomed up into gigantic proportions, and it was stated and sent forth to the nation that no other country presents so unfavorable a balance-sheet with us. This method of reasoning is little adapted to promote the interests of our people or to increase their political intelligence, and more than likely to diminish the respect and good-will entertained towards us by the people of other countries.

I may well be excused from further reference to the errors with which the subject has been invested. It is better to examine the results and character of the trade itself, considering how far reciprocity and mutual benefit do or do not exist in our relations with the Provinces, than to follow to their end the delusive arguments of those who are opposed to the principle itself.

I have the satisfaction of knowing that this is no party question, and that many gentlemen on the other side of the House unite with me in efforts to establish or extend such a liberal policy towards the Provinces as shall mutually benefit both of us, knitting us together by the bonds which are of all the most powerful, those of mutual interest, well judged, in necessary conformity to higher



principles. I am less desirous of an union of the governments than for an union of the people. I do not wish to admit into our family of States any who are not imbued with the spirit of our institutions, and do not appreciate as we do the benefits resulting from them, or the principles on which they are established. Prudent men of business are not accustomed in buying and selling to limit their transactions to those who hold the same political or religious opinions as themselves. There is no need for the habitant of Lower Canada to quarrel with the staple article of his food because it is made from wheat grown in Iowa, Wisconsin, or Illinois, or for the workman in the factories of New England to ask, for conscience' sake or for the sake of his country, whether the white loaf or biscuit ornamenting his table is the product of the golden grain which once waved on the fields of Upper Canada.

The facts carefully collected by the Provincial governments fully concur with our own in proving that an immense amount of benefits has accrued to the people of both countries by the increase of their respective freedom through the yet limited removal of artificial obstacles to their intercourse. Upon the plainest principles of commerce, the individual transactions constituting the vast aggregate of this trade since 1855, and amounting to more than fifty millions of dollars in 1863 alone, must year after year have been sufficiently profitable to remunerate those who produced the substantial materials of the exchanges and those who were engaged in the traffic, who, in their turn, could not have continued their business if they had not found in the people at large customers or consumers who were benefited by the purchases they made.

The treaty was dated June 5, 1854, and its salutary effects were partially experienced during that year. Our exports to the Provinces during the seven preceding years have been multiplied nearly three-fold in the seven years which have elapsed since the treaty, having been \$69,686,107 in the former, and \$171,628,779 in the latter period; while our imports from the same regions have increased more than four-fold—having been \$34,815,885 in the

former period, against \$145,183,096 in the seven years since the treaty went fully into effect.

Taking a general view of the subject commercially considered—showing the results in the aggregate without entering into special and partial details—it does not appear that the system as a whole is one of mere favor to our northern neighbors or of injury to ourselves.

It is to be expected that of the raw or unmanufactured products of the field, the forest, and the sea, computed altogether, the Provinces will sell more to us than we can sell to them. This naturally arises from the maritime position of the Eastern Provinces, and because the Provinces stand in much the same relation to the United States as that occupied by the new Western States to the older settlements in the East. We receive from them the products free under the treaty to a greater extent than similar articles are exported to them in return, but may reasonably expect to make up the deficiencies by selling more manufactures and commodities of tropical, Asiatic, or other foreign origin, either the products of our own labor or brought from over the seas, chiefly in American vessels, and purchased to a considerable extent with the manufactures or productions of this country; thus employing and enriching our manufacturers, merchants and commercial marine. We find, in accordance with this view, that from these sources we have exported to the Provinces an amount which, added to that of the raw material sold by us to them, is sufficient to make up the balance of \$26,445,683, during the period in consideration, more than we have bought from them—a sum which has been paid in specie or its equivalent.

The value of the foreign merchandise (exclusive of articles passed through the United States in bond) exported by us to the Provinces during the seven years immediately following the ratification of the treaty, was \$31,366,236—purchased chiefly with productions of the United States, and which yielded employment to the farmer and manufacturer, shipper and sailor, as well as profit to the merchant. The amount of our exports of manufactures and other articles of United States origin, not included in the treaty, is officially stated to have been

\$47,269,139, during the first six years after it went into effect.

When investigating this question it is necessary to remember the peculiar relations of the Provinces to each other, and to the mother country. Although owing in common a political allegiance to one sovereign, each of the colonies is, in fact, an empire within an empire, having a legislature of its own. Each of them has a separate tariff, and charges the same duties upon the products of the others, and of Great Britain, as upon those of foreign countries. Their union is political, but not commercial; and the treaty received the sanction, not only of the British Government, but of the colonial legislatures of Canada, New Brunswick, Nova Scotia, Prince Edward's Island and Newfoundland. So far as I have been informed, the results of the treaty with those colonies, which for the sake of distinction, may be termed the "Maritime Provinces," have been satisfactory, although as to them, it should be regarded as neither complete nor final in itself, but as only one link in a chain of events, permitting the people of both countries to perceive more clearly the benefits of mutual intercourse, and to start with increased probabilities of success towards a system of unfettered, absolute and complete reciprocity, so that each may enjoy fully the natural advantages of friendly neighborhood to the people, territory, and possessions of the other.

Of all the Provinces, Canada is much the most important. In 1860, the inhabitants of them all numbered 3,253,000. Of these, more than 2,500,000 constituted the population of Canada, and less than 700,000 that of the others. This Province, projecting from the northern extremity of Maine, southerly to Detroit, and thence northerly as far as any considerable settlements are to be found near our frontier, occupies a position whence the best route for passengers and freight to the ocean, and by that common highway to other parts of the world, for the whole year is through the territory of the United States. For nearly half the year, when owing to a rigorous climate the river St. Lawrence is impassable, the only practicable means of intercourse for Canada with other nations are through this country. Different routes



of communication may be opened through the Maritime Provinces, but none of them can permanently be so beneficial as the lines of travel leading to the great natural centres of the commerce and shipping of this continent—the Northern American cities on the Atlantic. Nor are those facilities unimportant to the United States, which would create a free right of way, unquestioned, and unencumbered by forms, across the large peninsula of Upper Canada, separating several of the North-western and grain-producing States, together with a vast area of fertile territory yet unoccupied, from the commercial and manufacturing regions in the East. Canada also extends up the St. Lawrence on both sides for several hundreds of miles of the ocean. Hence, mutual rights of transit are exceedingly advantageous to both countries, and our commercial relations with this Province are worthy of special consideration.

General dissatisfaction with the treaty exists along the whole of our northern frontier near Canada, and the moral and political effects, which it was hoped would result from it, have been destroyed—the effect of the Canadian tariffs enacted since 1855 having been to decrease very materially the amount of manufactures and goods of foreign origin sold by the people of this country to those of the Provinces. This alone constitutes a sufficient reason for a revision of our mutual commercial relations, so that our manufacturers may not only receive from the regions on the North of us, a considerable portion of their necessary supplies of timber, breadstuffs, and animal food, but may also enjoy a less restricted, and if practicable, an entirely free market for the products of their labor.

During the last five years the manufactures of the United States, exported to Canada, have in the aggregate decreased from \$4,185,516 in 1858–9, to \$1,510,802 in 1862–3, and although the fluctuations in our own currency, and the scarcity of labor arising from the war, have tended to produce this result, there can be no doubt that the chief cause of this important change is to be found in the increased tariffs of Canada, by which the duties on many articles, such as are manufactured in the United

States, have been gradually increased since the time when the treaty was made, when those chiefly levied on such imports into Canada were  $12\frac{1}{2}$  per cent., but have since been changed, and are now at rates varying from 10 to 20, 25, and 30 per cent. In some instances, such as cigars and spirituous liquors, a higher rate is levied.

The effect of these duties is to permit the importation of British and French manufactures of the finer qualities into Canada as heretofore, but to stimulate the home production of goods of the coarser and more substantial qualities, such as those of the United States chiefly are. Canada cannot, even under a high tariff, compete with the nations of the Old World in the most costly and delicate manufactures, but with the same amount of protection can, and does to a considerable extent, exclude those of the United States—a nation less advanced in this branch of industrial production. There is scarcely any manufacture of this country which has not, or will not be transplanted to Canada, and stimulated, under the present protective duties of twenty per cent. The only exceptions are those requiring a more extensive market than the comparatively narrow territory and scanty population of the Province can afford. Indeed, it has been deliberately calculated by some Canadian statesmen that they will persevere in a protective system against the manufactures of the United States until the time arrives when they shall not only be capable of supplying their own market, but will prefer free access to this country for the sale of their goods, to a continuation of the protective duty in Canada. The result of a free interchange would no doubt be to encourage in both parts of the continent those manufactures for which each is especially adapted—thus benefiting the people of the two countries by supplying their necessities with less expenditure of useless labor.

It is just to add that the tariff of duties levied by Canada, during the period in question, has been much lower than those charged by us upon her manufactures, and that while our exports of these articles amount to many millions, it is very doubtful if the actual manufactures of Canada bought by us reached in the aggregate to



more than a few hundred thousand dollars, throughout the whole of the last five years, during which the diminution has arisen, although in that time the Canadians alone bought from us manufactures to the value of \$15,343,004.

The whole amount of our import from Canada, subject to duty, for the eight years which have elapsed since the treaty, is only \$3,595,350, including not only Canadian manufactures, but also goods from all other parts of the world. Of these, one class alone—iron and its manufactures—amounted in value to about \$1,500,000—not produced in Canada—a fact, which others of a similar character gives good ground for believing, that if the articles really and exclusively made in the Province were selected, it would be seen they are no more than those minute matters which are scarcely cognizable in legislation or national statistics.

Adding \$33,071,475, the value of foreign merchandise, exported by us to Canada, during the same eight years to the domestic manufactures also thus sold, the aggregate value of these classes of our exports to Canada cannot be less than \$60,514,479, against \$3,595,350—the amount in like manner bought by us from that Province.

In addition to the existing and increased impediments to the importation of our manufactures into Canada, one of the obstacles to a fair reciprocity consists in the method enacted by Canadian tariffs, since the treaty, of levying duties on articles according to their value at the place where last purchased, not according to their value in Canada, or by specific duties, thus practically creating a discrimination against the merchants and carriers of the United States. The intention was explicitly avowed, and the results are already known by our experience.

Under the operation of natural laws the trade of Canada in many important articles will flow to and through the Atlantic cities, such as New York and Boston. Under the present system of Canadian legislation our exports of foreign goods to Canada have decreased from \$5,501,125 in 1859 to \$1,560,397 in 1862, and \$1,468,113 in 1863. They attained a yet higher value previous to 1859, when they amounted to \$8,769,580, but for purposes of fair comparison I avoid the years of great



expenditure and undue speculation. In 1863 this portion of our trade was only one-half of the average it reached in each of the five years preceding the treaty; was less by 25 per cent. than in 1849, and since which time our total exports of all kinds to Canada have increased five-fold, or from \$4,234,724 to \$19,898,718.

That the deficiency in our exports of foreign goods to Canada has not arisen from decreased consumption, but from legislative enactments by duties practically discriminating against the Atlantic cities, is made yet more evident, by the official records of the Province, whence it appears that the value of merchandise imported into Canada, and passed through the United States under bond, was, in 1860, \$3,041,877; in 1861, \$5,688,952; and in 1862, \$5,508,427. A circumstance which has justly created much dissatisfaction in the provinces is that the governor of Canada, by a departmental order, might discriminate in favor of particular routes through the United States—a singular violation of the comity or hospitality of the United States in extending unusual facilities not required by any treaty for the transfer of goods on the Grand Trunk railroad, *via* Portland into Canada.

The chief articles of commerce between the two countries are grain and flour. Of wheat and flour we have exported to Canada between the years 1856 and 1863, inclusive of both years, a quantity amounting in value to \$30,643,772, and imported to the value of \$49,940,127; the imports exceeding the exports by \$19,296,355. Of wheat alone from this Province our imports have been 20,956,322 bushels, and our exports to it 22,933,763 bushels. Of oats and other grain our imports have been \$15,230,364 in value, making an aggregate of \$65,170,491. The value of the same products from the other Provinces was \$1,990,787, while our exports were \$29,422,918, so that upon the whole we have sold the people of the Provinces more of cereals and their products by \$360,474 than we have bought from them, our exports having been \$67,521,752, and our imports, \$67,161,278. Of flour and breadstuffs alone, from 1856 to 1861, our exports to all the Provinces exceeded our imports from

hem by \$6,184,224. From the nature and geographical position of our territory we have been, and, under a free system, shall continue to be the forwarders and merchants between the people of the different Provinces.

The question on both sides as regards wheat and flour is not one of revenue or consumption, but rather of commerce and transportation. If our whole crop of bread-stuffs were sold to Canada, and sent as it would be, unless sold to the United States, to a foreign market, *via* the St. Lawrence, the market value of the Canadian crop would neither be enhanced nor diminished; nor would our farmers be affected if the Canadian surplus were sent through the Erie canal or over our railroads and the Hudson river, except that in both cases the local demands would be increased by the amount required for the use of that part of the population which would be employed in transacting the increased business.

Many beneficial results are produced in the course of these exchanges. A large amount of Canadian wheat is mixed and ground with western wheat by our millers, with results profitable to themselves and their customers. New England consumes much of the best wheat and flour of Canada West; and I am not one of those who are desirous of protecting the manufactures of New England by taxing their bread as well as their fuel. According to the census of 1861 Canada East contains 1,111,566 inhabitants, producing only 2,563,114, and consuming, it is estimated, nearly three millions of bushels of wheat. From habit and other causes these people prefer the spring wheat of Wisconsin and Illinois. The corn produced in great abundance and at small cost in the rich warm valleys of the Wabash and Illinois is consumed to a considerable extent in the Provinces, especially in the manufacture of alcohol, and we in our turn import and use a large quantity of barley and oats—grains grown in great perfection by the people of the Provinces.

The products of the forest are the next in value among our importations from the Provinces, having amounted during the last eight years to \$23,537,203, of which \$19,894,930 were from Canada, and \$3,642,273 from the other Provinces—an annual average of \$2,942,150, while our

sales of the same class to them have been comparatively small. No inconsiderable share of this timber has replaced old rail-fences on our farms, or enclosed new land, or built the house of the pioneer on the prairies. With the progress of our settlements our own supply of this necessary article has been seriously diminished, and its sources have gradually become more remote and inaccessible. Unlike the crops of the farmer, which may be produced year after year, a second crop of pine-timber is never expected from the same land. Protection may seem to have some force in favor of those manufactures which we are led to believe will ultimately be sold cheaper if we grant a temporary monopoly to their producers, but the more the manufacture of lumber is increased the further we shall have to go for it, and the higher will be the price of an article of which there is necessarily only a limited supply. In the freedom and expansion of this trade the Government relinquished a small amount of revenue, but the traffic of our northern lakes and canals was greatly increased, employing profitably a large number of our citizens. The carrier and consumer, together with the manufacturers of New York and New England, partake of these benefits. Timber, a necessary article of consumption in building, and especially the material used for this purpose by people of moderate means, is also essential in the construction of ships—an important branch of national industry and element of greatness, compelled to face the eager competition of the whole world—and the supply of timber suitable for ship-building has been so much reduced in the United States that memorials have been presented to this House, asking that its exportation may be prohibited. We sell timber extensively to the British Colonies and other countries, so that the exports the last two years have been nearly seven millions. Our importation from the Provinces of the raw materials, used to a considerable extent in these manufactures, is annually \$2,942,150, and our exports of the manufactures themselves in the last two years have been more than ten millions.

The class of importations next in value is that of animals and their products. These during the last eight



years have amounted to \$11,813,332 from Canada alone. With the other Provinces this trade is of nominal value. We export large quantities of pork, beef, lard, butter, &c., to Canada, making in all an aggregate of exports in this class of \$12,057,510—rather more than our imports—the nature of the trade being that we chiefly import animals themselves and sell their products.

The remaining miscellaneous articles are for the most part of no large amount separately, but consist of such materials as should be supplied to our people and manufacturers at as low a price as possible. Among the most important of those not yet named is coal—an essential element of household life and comfort, and the chief producer of the great labor-saving power of steam. The exports from Ohio and Pennsylvania to Upper Canada are nearly of the same value as our importations from the lower Provinces. In Canada West the coal of these States has superseded that brought from Liverpool and the lower Provinces; and, at Montreal, the anthracite of the easterly portions of Pennsylvania also competes with the coal brought from Liverpool and Nova Scotia. These minerals are not found in the geological formations of Upper Canada, and as the forests disappear, and wood becomes too valuable to be used as fuel, that part of the Provinces will ultimately depend exclusively upon the United States for the most economical supply of this necessary article. Anthracite coal, although found abundantly on the eastern slope of the Alleghanies, is found nowhere in the Colonies, and will always, in the natural course of events, be imported by them, while for many purposes of fuel, in the eastern States, economy dictates the use of the coal of Nova Scotia. Bituminous coal, of the kind most commonly used in the manufacture of gas, is not found in our territory east of the Alleghany mountains, within an available distance of our chief Atlantic cities. It would be needless to say that a trade of this kind is mutually beneficial. Under a system of free trade in coal the people of each country are supplied more cheaply than they otherwise could be with necessary light and fuel; and both save throughout large re-

gions the expense and labor of carrying a heavy and bulky article for several hundreds of miles.

Nearly all the various commodities received free of duty by each country from the other under the provisions of the Treaty, are the simplest and plainest necessities for the support of human life. I am opposed to any permanent legislation that would prevent the free importation of them, to every system that under any specious name, hiding an error or pretence, signifies dearer food and increased taxation on the raw materials used in the manufactures—to any system, whether called protective or not, which means diminished commerce by expelling colonial produce from our canals and railroads to increase the employment of British shipping through British seaports at the expense of our own.

As regards the objection sometimes urged, that if by reciprocal legislation we admit certain raw materials free of duty from the Provinces, it becomes necessary to admit them by similar reciprocal legislation from several other countries, I answer that like enactments would in all such cases prove highly advantageous to the United States, and that the law might safely and beneficially be extended so as to admit also on the same terms of mutually free import and export the same articles from every nation in the world. Our supplies might be little increased by such arrangements, but our markets would be immensely extended.

There is much in British policy which should serve as a warning to us—much to be condemned—much serving to teach us what we should always shun as examples; but we cannot imitate a better or more honorable precedent than the removal of taxes from human food, from the daily bread and nutriment of men, women, and children, whether rich or poor. When the markets of Great Britain were in effect thrown open to the grain and provisions from the United States and the world, the old exclusive policy was reversed and one of the greatest triumphs of popular liberty, of progress towards the well-being of mankind was achieved. It is common to quote with admiration the sentiments of Greek and Roman orators, who, sometimes indeed, conquered the narrow limits

of their creed and ceased to treat the masses with contempt, but I hold in higher esteem and deem more consonant with justice, humanity, and the religion by which we profess to regulate our actions—those words of a modern statesman, Sir Robert Peel, who when renouncing the office of Prime Minister of England and severing all his old party ties, said : “I shall leave a name execrated, I know, by every monopolist, who, professing honorable opinions, would maintain protection for his own individual benefit; but it may be I shall leave a name sometimes remembered with expressions of good-will, in the abodes of those whose lot it is to earn their daily bread by the sweat of their brow; when they shall recruit their exhausted energies with abundant and untaxed food, the sweeter because no longer leavened by a sense of injustice.” These words it seems to me, contain in substance an essential portion of the principles by which we should be actuated in the imposition of all taxes—leaving free as water, light and air those articles which are absolutely necessary for the sustenance of human life. Nor can I regard this principle as less applicable to the people of the United States than to those of the British Provinces; and it may reasonably be hoped that in a fair conference between parties, each of whom has so much to gain by commerce with the other, and so much to lose by exclusive legislation, existing difficulties may be removed and the interests of both may be regarded and weighed in a just balance.

As regards the navigation of the St. Lawrence, I am not so much disposed as some others have been to find fault with the Treaty, because we have made less use of this river than was expected. They would have had an argument more in accordance with their usual method of reasoning, if the Canadian carriers had diverted more and more traffic from our own railroads, canals, and rivers, from our own ports on the lakes or the sea-coast. Looking forward with certainty to the time when the artificial barriers separating mankind on this continent shall be overthrown, and a system of free commercial intercourse exist throughout the whole of it, we should guard against the useless expenditure of human labor in constructing



canals and docks or erecting cities in places where it will not be remunerative. As the cheapest and best routes are those which must ultimately prevail, the sooner competition is fairly open the better for the people—the greater will be the benefits received by the greatest number, without any injustice to any. We cannot in the end prevent this consummation if we would, and we ought to have no desire to prevent it if we could. The city of New York, occupying a central position between the Alleghany mountains on the Western and the Blue Mountains on the Eastern side, is pre-eminently the emporium of commerce on this continent. It is the market or exchange for chartering vessels. So true is this that shipbrokers are engaged there when the St. Lawrence is open, in chartering vessels to go thence to Quebec for the purpose of carrying cargoes to European ports, thereby adding the cost of a long and circuitous route to their expenses, instead of making a direct voyage across the Atlantic from New York. Freights are usually cheaper from Canada West via New York than the St. Lawrence, provided there are no governmental restrictions on either route. The great increase in our trade with Canada, and the diminution of the exports and imports by that river immediately after the Treaty, proves this broad fact. It was fully admitted by the Canadian Minister in the establishment of discriminating and countervailing duties which, although injurious, were not sufficient to control fully the natural laws by which this commerce is regulated. The river at Quebec and Montreal is open only for about half the year, and yet docks, warehouses, hired attendants and other necessary appliances of trade must be maintained for the whole year. The navigation, when open, is full of perils. Narrow straits, heavy fogs, strong currents, and dangerous ice, sometimes sunk beneath the water and unseen, beset the adventurous mariner. Eight steamships belonging to the line subsidized by the Canadian Government, with many passengers, have been lost since 1857, while the old Cunard line, established almost with the beginning of steam navigation on the ocean, lost only one vessel and no passengers in the whole period of its existence. That solitary loss was on

the coasts of the Provinces and caused by the dense fogs and unexpected currents. The rates of freight on flour from Quebec to Liverpool are usually higher than they are from Buffalo on Lake Erie to Liverpool by way of New York. The same laws of trade determine the cheapest route as to more bulky articles. The rate of freight from that city to Europe is usually only one-half of the rate from Quebec. New York being the great port for the entry or arrival of merchandise or passengers, vessels coming to it receive remunerative rates on inbound cargoes, while going from Europe to Quebec they usually proceed in ballast, and hence are compelled to charge such a price for freight to the Eastward alone, as will yield them a profit both on the inward and outward passage.

Beyond the merely statistical views presented by the subject, the relative position of the two countries forces itself upon our attention. They form together by far the larger portion of the vast North American continent—extending from one great ocean to the other. The neighboring British Possessions reach down beyond the centre of the region on this side of the Rocky Mountains, and separate the wide and rich domain of the North-west from those of the East, while on the North-east of the Provinces our territory projects far between them and the great Atlantic highway of the world—thus pointing out clearly how advantageous, almost how necessary, mutual rights of way and free commercial union are to the people of each country through the territory of the other, unless we mutually condemn ourselves to a perpetual system of useless and wasted labor by carrying round the long projections made by the territories of each. We have in common the great lakes. As their country rests upon the Arctic seas, ours is washed by the warm waters of the Gulf of Mexico. Between us we have so great a variety of soil and climate as to be capable of yielding almost every production necessary or conducive to the comfort and happiness of civilized man. There is no reason why the commercial relations of the States and Provinces cannot be mutually as beneficial as those of the different States are to each other. The wages of labor, which, it

is held by some, debar us from unrestricted commercial intercourse with other countries, lest we reduce the remuneration of our own people to the European or Asiatic standard, are on ordinary occasions nearly equal on both sides of the frontier. The impediments to free communication exist only through laws made by man, and which we and those with whom we have to negotiate can make or unmake as we choose. Why then by Governmental action seek to force the capital, labor, and traffic of the two countries into barren and wasteful channels, instead of mutually protecting home industry by permitting it to attain its most profitable results? Difficulties which now appear to be insuperable may vanish before united effort and by the conference of intelligent commissioners on both sides.

Revenge and retaliation are sentiments by which the mind and policy of a true statesman can never be governed. It was well said by De Tocqueville, who had not before him the illustration of his subject, furnished to us by the condition of our own country at this day: "The first notion which presents itself to a party, as well as to an individual, when it has acquired a consciousness of its own strength, is that of violence; the notion of persuasion arises at a later period, and is derived from experience."

Let us, at least, try what can be done through reason and negotiation, before we resort to a rupture of the existing ties, and undo the work already accomplished in the right direction, after much effort.

I trust there are few who deem it the part of wisdom or sound policy, or consistent with due regard to the character of the nation represented by us here to attach any weight to whatever ebullitions of temporary ill-will may have arisen from individuals in the Provinces or Great Britain. These manifestations, having their sources in ignorance or unworthy motives, may safely be left to the class of minds in which they originated. Let us avoid degrading this House to that ignoble level, but in conformity with our own dignity and honor aspire to be the leaders in such a wise and enlightened policy, as, instead of irritating the people of the Colonies and inducing them to mistake a pitiful hatred to this country for



patriotism towards their own, shall aid and assist liberal statesmen on either side of our Northern boundary or of the Atlantic ocean in their efforts to develop those mutual interests constituting a great international law, and which are the more clearly seen to be harmonious and identical, the more closely they are examined.

By adopting the principle of commercial retaliation or exclusion we can injure the people of the Provinces, but in hostilities of this kind, as well as in actual warfare, although one party often suffers more than the other, yet both are injured. It may be that, even although we adopt an isolating policy, the people of the Provinces will be too wise to exclude our products from their markets on the present terms of equality and freedom. Canada at least admitted them without duty before the treaty—a liberal policy, dictated on her part by the soundest financial considerations, for while her people were benefited by cheaper prices on some commodities, it drew trade to her canals, seaports, and shipping. Even this has been turned into an argument against our practising the same system towards her. It was rather an example of a just and comprehensive idea of self-interest for our imitation, by no longer refusing our forwarders permission to carry her products to the ocean on our canals and railroads, for remunerative and satisfactory prices. The course pursued by Canada before the treaty is probably a fair indication of the course she would adopt if it were unconditionally annulled, and we should show ourselves determined to maintain an exclusive position.

Until 1847 the produce of the colonies was admitted under special privileges into the markets of Great Britain, but when these were removed the authority of that country over the financial affairs of the colonies was also relaxed. At that time the Canadian duties on American manufactures were seven and a half per cent. more than on similar articles made in Great Britain, but one of the first uses made by the colonies of their increased power was to equalize taxation on the manufactures of both countries by an uniform tariff of seven and a half per cent. on all.

As colonies of Great Britain the Provinces may easily

return to preferential duties in favor of the nation with which they are politically connected. If they did not establish between themselves and the mother country a system of imports, exports, and transit, entirely free, like that prevailing between the different States of this Union, they might have recourse to direct taxation, and adopt so low a rate of duties on the products of all the nations of the world, that it would be almost impossible to enforce the tariff of the United States along the vast frontier of the North. Already the project of unlimited free trade finds its advocates in Canada, and leading organs of public opinion, while admitting the benefits of reciprocity to them, and affirming their readiness to do all that consistently with their own honor can be done by them to maintain the most friendly commercial relations with us, significantly intimate that a different course, perhaps in the end not less beneficial, is open to them.

There is little room for doubt that if we rashly and persistently pursue a hostile and exclusive course, most of this trade now in our possession will be divided between the colonies themselves and Great Britain. The Provinces will be compelled to execute their old project of an inter-colonial railroad from Halifax and St. John, and perhaps other ports, to the interior of their country, thus completing the only remaining link in their present vast system of internal communication, and giving them uninterrupted access from Lake St. Clair and Lake Huron to the ocean, through their own territory, at all periods of the year. Their people, by commercially uniting the Provinces together, may soon accomplish the development of a system of home industry which will make them independent of our manufactures, and competitors with us in every neutral market. They may become their own shippers and traders for all commodities of foreign origin. Although we may banish them and their produce and merchandise from our routes of communication with the Atlantic, it is not likely we shall divert the traffic in American produce via the St. Lawrence by any legislation we can adopt. We cannot legislate for the Canadians. We can cut them off from the use of our railroads and canals, but may fail in persuading them to adopt le-



gislation of the same suicidal character. It is to be expected that they will keep their channels for freight open to our produce. We cannot compel them to grant us a monopoly of this kind; but if we should exclude them from our thoroughfares, their carrying system will reap the benefit of doing business for both countries—we transacting a part of it for one only—and we shall present to the world the instructive but undignified spectacle of men who, instead of cherishing this branch of our industry and directing it to the full fruition of its natural advantages, sever it from the trunk, even while it is supporting us.

Let those whose duty it is to watch over and promote the permanent and substantial interests of the country be led away by no narrow view, no temporary and transient feeling, but consider and reflect upon the calm and sober judgment formed in times of less excitement, by themselves, the statesmen who have gone before them, and the nation at large. "There has not," said Henry Clay, often called the author of the American system, "been a moment since the adoption of the present Constitution, when the United States have not been willing to apply to the trade between them and the British colonies principles of fair reciprocity and equal competition." As it was with him so also was it with Adams, Webster, Van Buren, Marcy, Douglas, and all those of every party who have left among us an enduring fame as statesmen.

The appointment of Commissioners on both sides to consult carefully as to the course most conducive to our mutual benefit appears to be less liable to objection and to combine more advantages than any other plan. On our side there are varied interests to be consulted—those of the Eastern, Central and Western States, whether they more especially consist in the promotion of manufactures, agriculture, or commerce—or in the united and harmonious progress of all these pursuits. On the side of the Colonies are separate legislatures or governments of several provinces, where different views will be taken on many points of detail—perhaps of economical principles. The whole will require so much consideration that I should despair of complete success unless it should



receive full and undivided attention. It will be the duty of such commissioners to ascertain how far we may remove the obstacles which since the date of the Treaty have through the legislation of Canada impeded the trade of our great commercial cities, impaired our manufacturing interests, and tended to diminish the amount of inland navigation and transit trade which would otherwise have accrued to the States bordering on the British Provinces.

We are too apt to think the interests of the nation can only be advanced at the expense of injury to another. In reality and under a true system of reciprocity each of us would receive the benefits of natural advantages enjoyed by the other, which in its turn is benefited, not by withholding participation, but by inviting it. This principle is as true and should be as universally admitted as those of mechanical improvements or labor-saving machinery. Hence, the words of the resolutions passed by the Legislature of the State of New York express clearly and definitely the principle by which we should be guided, saying "that free commercial intercourse between the United States and the British North American Provinces and Possessions, developing the natural, geographical, and other advantages of each, for the good of all, is conducive to the present interest of each, and is the only proper basis of our intercourse for all time to come." It has been well illustrated by a French writer in the fable of the blind man and the lame, who between them possessed all that was necessary for both. One guided the other, who in his turn was carried, and each receiving important benefits disdained too close inquiry as to which of the two rendered the most valuable service.

We are considering the commercial relations of one-eighth of the habitable surface of the world. Of this vast region, the United States and the people of the Colonies, subject to a beneficent Providence, control the present condition and shape the future history. It has been given to us, in the maturity of human civilization, as a new parchment on which we may inscribe whatever characters we choose; and the opportunity will never return again in all the plentitude of the present time.

With nations, as with individuals, those habits and tendencies are easily formed in youth, which are afterwards developed and control the career through long years or centuries of the future. We may differ from the people of the Provinces, in opinion as to the best form of government, but other nations can judge better for themselves than we can for them as to their own method of legislation. A prohibitory or exclusive system would be no less unnatural and injurious as to every commercial, political, and moral result than if we separated New York from Massachusetts, and both of these from Ohio, Illinois, or Iowa. Let us then regulate our intercourse, not by mutual fear or destruction, but by creating or rather by developing reciprocal benefits in accordance with the manifest designs of Him who made the world, and who should never be mentioned except upon occasions worthy of Him. Such a system is doubly beneficial :

“It droppeth as the gentle dew from Heaven  
Upon the place beneath ; it is twice blessed—  
It blesseth him that gives and him that takes.”

Under its influence, assisted by a wise application of the reason with which man is endowed, old animosities will be forgotten, and in days to come the people of both countries seeing plainly that the social body of mankind—like the material body of the individual—is provided by nature with a healing power, will find additional reasons to reverence Him by whom the universe itself was framed.



# OUR COMMERCIAL RELATIONS

WITH

THE BRITISH NORTH AMERICAN PROVINCES.

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HOUSE OF REPRESENTATIVES, May 26, 1864.

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The House having proceeded in the regular order of business to the consideration of a joint resolution, authorizing the President to give the requisite notice for terminating the treaty made with Great Britain on behalf of the British Provinces in North America, and to appoint commissioners to negotiate a new treaty with the British Government, based upon the true principles of reciprocity, and several members having discussed the subject, Mr. Ward summed up the debate.

MR. SPEAKER: In the consideration which I have given to this question I have regarded it from no sectional or partisan point of view, but have studied it in its international aspects, and thus I shall continue to present it.

I know there are objectionable features in the working of the treaty, but with very few exceptions the points raised in opposition to it were presented in the report of the Committee on Commerce, and also in my remarks when opening this discussion. I named impartially the merits and the defects, the advantages and evils existing in the present arrangements. Nothing was suppressed, nothing was exaggerated, and I endeavored to judge the subject with the utmost possible justice and impartiality. I confide in the honor and character of this House to treat this great international question as to our northern neighbors in the same candid and honest spirit of goodwill and truth with which we rightfully wish them to regard us and our affairs. I trust this House will rise above mere local considerations. It must rise above



prejudice. I have no fear of Great Britain. I have considered this question as one affecting many of the most important interests of this nation. Thus I trust this House also will consider it, uninfluenced by any fear or intimidation of Great Britain. I cannot regard with complacency the frequent assertions made by several honorable members as to our national reputation. There is no need to vindicate it. It should be, like the character of Cæsar's wife, above suspicion, and I am impatient when I hear it unnecessarily asserted or called into question.

I propose to review as briefly as I can the chief remarks made during this debate in opposition to the treaty, or rather to any equitable and mutually beneficial and satisfactory arrangement of our commercial relations with the provinces.

The gentleman from Ohio [Mr. SPALDING] referred to the treaty of 1817—a treaty entirely irrelevant to the present subject. We have the power on a notice of six months to terminate that treaty; but there is no necessary connection between the two. If the resolution of the Committee on Commerce be adopted, questions regarding the armaments of both nations on the lakes may, I think, without impropriety be discussed, and very probably would be discussed by the proper authorities on both sides.

It has been attempted to influence the action of this House by the introduction of letters from different individuals. I have not endeavored to acquire any support for my views from this source, although I have received many letters from various gentlemen of eminent ability and character. I may, however, be permitted to give portions of letters from Hon. Edward Everett, who was Secretary of State during a considerable part of the negotiations leading to the treaty. When acknowledging the receipt of a copy of the report of the Committee on Commerce in 1862, he said:

“It seems quite evident that the Provincial Government has violated the spirit of the treaty in various ways. I trust, however, that there will be no countenance given to the threat of abrogating it, a measure never admissible but in a case of the greatest provocation from the other party. Having the interests of Canada West enlisted in favor of a just policy under the treaty, and I

presume also the sympathies of the Imperial Government in the same direction, there will be no difficulty, I imagine, in persuading the provincial Parliament that there is nothing to be gained by a war of tariffs."

In a subsequent letter he said :

"In saying that I hoped the abrogation of the treaty would not be thought of, I meant its abrogation before the time appointed by the instrument itself. When that time arrives, if it shall appear that the colonial legislation is in contravention of the spirit and policy of the convention, security must be taken for a change in that legislation, or the convention be given up, which I trust will not be the case.

"I have reason to think we shall have the Imperial Government with us in a fair and honest execution of the convention."

I will, in passing, make one remark in regard to the Constitution, so far as this question is concerned. The gentlemen from Vermont (Mr. MORRILL) occupied a column and a half of his speech in attempting to show that no treaty can deprive us of our right to legislate in regard to revenue measures. All I have to say is, that this treaty did not deprive this honorable body of any portion of our rights in this respect. The treaty was inoperative until an act was passed by this House on the 5th day of August, 1854, for the purpose of carrying it into effect. The House may by its own sanction and by a solemn act give effect to such a treaty.

I shall, without any further general remarks, confine myself mainly to the consideration of the chief points which have been most frequently urged in favor of abruptly terminating our commercial arrangements with the Provinces.

The main assertions on which the member from Maine (Mr. PIKE) relied as regards the statistics or business aspects of the case are, that our trade to the Provinces has created a balance against us. In one form or another this assertion has frequently been made. The question he has raised is one of easy solution, and needs nothing more than a brief examination of the statement of the Secretary of the Treasury, compiled from the duly authenticated official records. The treaty went partially into

operation in 1854, extensive transactions having that year been made, based upon the expectation that drawbacks would be, as I am told they ultimately were, allowed. That was the year of the treaty—neither before nor after. Its transactions were mixed. Therefore its trade should be excluded from the statistics of commerce in the periods before and after the treaty. No full and fair inference can be drawn from that year, as it belongs to neither epoch. In 1853, the year before the treaty, our imports from the Provinces were \$7,550,718 and our exports were \$13,140,642, leaving a balance in our favor of less than \$6,000,000; and the change was so great that in 1855, the year after the treaty took effect, our exports increased to \$27,806,020, being more than double those of 1853. As these imports in 1855 were \$15,136,734, the balance in our favor the year after the treaty was more than \$12,600,000, a larger amount than we either sold to or bought from them, with one exception, in any year before the treaty. Yet it is at least implied by the member from Maine that when we made the treaty there was *annually* a balance in our favor, paid to us in gold, of about sixteen million dollars; a sum larger by about three millions than the amount we ever sold to them in any year whatever before the year when the treaty was made.

I deeply deplore the misrepresentations which are current on this subject. Do they proceed from a conscious and wilful desire to mislead us on a subject of so great importance? I hope not. I am not willing to think they do. Few national injuries are more pernicious than the perversion of facts in the national councils, thus misleading and betraying the people by poisoning one of the fountains whence they derive their information. There may be some—I trust they are not many—in this House who do not see that however popular this kind of betrayal may be for a time, it not only inflicts an injury upon our pecuniary interests and our honor, but, creating and cherishing a habitual sense of national injury and wrong, leads us in the end to such results as we are now experiencing in the deadly struggle between the different sections of this Union. I attribute no unworthy motives to any one, but whoever will examine the official records of



our own Government will find that my statements are accurate.

It was said by the honorable member—he repeated the remark several times—that the balance of our trade with the Provinces is against us. The statement appears slightly modified in his remarks as printed in the *Globe*, but is substantially retained there. Did he mean during the last year of which we have official information? It was then nearly two millions in our favor. Did he mean during the whole time since the treaty went into operation? In that time it was more than twenty-six millions in our favor. There is nothing vague about this. There is no mystery in the figures. There is no need of passion or declamation. The solution is as easy as that of any school-boy sum in arithmetic or of any ordinary settlement of accounts between individuals. I find my data on the sixth page of the letter from the Secretary of the Treasury in answer to the resolution of this House on the 17th day of last December, asking for information as to the operations of this treaty. We asked him for information, and it is furnished to us. Shall we ignore it, and substitute for it such conclusions as our several fancies may suggest? We may in this way point a paragraph or lend some illusory brilliancy to a speech; but that is not statesmanship. It does not accord with our duty to the nation. The balance of gold on which so much stress has been laid was not paid by us to the Provinces, but by them to us. It amounted to \$26,445,692. This is the state of affairs as to which the honorable member says he “would if necessary use force to put an end to an alliance so injurious.”

The subject has been treated as if there were no difference between paying money for foreign gewgaws or costly luxuries, and for such articles as are daily and hourly necessary to the support of our Army and Navy, and for that yet larger army—the industrial army—the laboring population, on whom the existence of the Army and Navy and of all classes of society must depend. With exceptions too trivial to be worthy of notice, all our importations free under the treaty are the plainest necessities of life. It is an outrage upon the best and

wisest principles of modern political science to tax them. They are an essential part of all that enables us to pay taxes, and support either Army or Navy—of all that makes us strong or prosperous either in war or peace.

There is another consideration to be regarded in connection with this balance of trade in relation to these colonies—a reason why this trade is not identical in principle with many other transactions, but is an exceptional case. I will illustrate the point by a familiar and practical example. It is readily understood that if a merchant or dealer goes over to Canada, and there buys certain articles—say, for instance, a thousand barrels of flour or five thousand bushels of wheat—he does an act which, so far as it goes, creates a balance against the United States, to be paid in gold or its equivalent. But if he sends the flour or wheat over American railroads or canals to Boston or New York, and thence has it re-shipped to England, France, Cuba, or elsewhere, he, by his series of actions, gives freight and profit to our inland carriers and Atlantic shippers, employs a large number of our people in various occupations, and brings home at last the original outlay, increased by the additional sum invested for freight, storage, commissions, and labor of various kinds, together with additional profit for himself, all in the same precious metal or its equivalent. Gentlemen who reason as the honorable member has argued, forget that this nation has commercial dealings; and that in such a case as I have described, it is quite as just to complain of the balance of trade being against us as it would be for a merchant who has extensive transactions in all parts of the world to complain of the farmer or manufacturer from whom he buys more than he sells to him. He buys from one man for the purpose of selling to another.

While the honorable member takes a narrow and limited view of our commercial relations with the Provinces, he has gone a long way back in his statements as to the colonial policy of Great Britain. He quoted certain laws enacted by the Government of that country a hundred and fifty years ago, ordaining that none of the colonial trade should be carried in any but British vessels.

Since the time to which he referred five generations of men, with their inventions, their experience, and their changes, have lived and died. The folly of those laws was long ago demonstrated. They were tried, found wanting, and have been repealed. Even the colonial tariffs discriminated in favor of British and colonial produce and manufactures until 1843, when these discriminations were abolished. The colonies now make their own tariffs and tax British manufactures at high rates, to encourage production in their own territory. For several years—for all the years, so far as I know—since the treaty the trade of Canada with the United States was greater not only than with Great Britain, but than with all other countries but our own added together.

I wish to accept facts as I find them. Should I do otherwise I should be unworthy of a place in this House, and false in my duty to my country. Coming down as closely as I can to the present time and to the special point named by the honorable member, I find on reference to our own reports on commerce and navigation, that during the last five years the entries and clearances of tonnage employed in carrying on the trade between the United States and the British North American Provinces have been about fifty per cent. in favor of this country. They were 20,763,512 of United States tonnage, and 13,844,919 of foreign tonnage.

A very large increase in our exports to the Provinces, both of our own manufactures and agricultural produce and of goods of foreign origin, did result from the treaty, as was reasonably expected. Our domestic exports increased from \$7,404,087 in 1853, to \$15,806,642 in 1855, and \$22,714,697 in 1856, having doubled and trebled in periods of one and two years respectively. Our exports of goods of foreign origin were \$5,736,555 in 1853, being larger in that year than they had ever been before. In 1855, the year next after the treaty, they were \$11,999,378, having doubled in full accordance with the natural tendency of the treaty. My statements rest on the official authority of our own Government. They cannot be refuted. No attempt has been made to meet them. No notice was taken of them by the honorable member, or by



any gentleman who has spoken in opposition to the resolutions of the Committee on Commerce.

A few more words as to this balance of trade. Before the treaty Canada admitted the cereals and many other products free of duty. Consequently we sold to her, although we refused to buy from her. The result was that a large amount of these articles went abroad through the St. Lawrence, to the injury of our merchants, canals, railroads, seaports, ocean shipping, and of all classes of our population. The year after the treaty, the trade by the St. Lawrence decreased to the amount of \$15,203,600, and so soon as the routes and markets of the United States were opened the whole was transferred to our carriers, for in the same time the trade to the United States increased \$15,856,624, or from \$24,971,096 to \$40,827,720. In this way a change was made in the "balance of trade," and that change was beneficial.

Much has been said in this connection about the Alabama and the Florida. I fully concur with those who have condemned the outrages perpetrated by these vessels. The honorable member spoke at some length of the southerly port of Nassau. I am unable to discover in his remarks upon this subject any adequate reason for our injuring ourselves by curtailing or destroying a profitable trade with the colonies in North America, still less why we should not endeavor to make it more profitable than it is, and to place it on a just and equitable basis. He discussed at one time two subjects which have no proper or logical connection with each other. All such inquiries as I have been able to make, and a careful study of a considerable portion of the organs of provincial opinion, from day to day, since the beginning of the war, have led me to the result that although, as must be the case in every country where freedom of thought and utterance prevail, where men think and speak for themselves, some will be right and some will be wrong (and the various minds of individual colonists have arrived at very different conclusions as to the present war, some taking the side of the South, some friendly to the North and approving of the course of the Administration, and some equally friendly, but believing that a different policy

would have been more conducive to our interest), the flagrant expressions adverse to us, and which sometimes obtain wide circulation, are the words only of individuals or cliques, and not of the vast majority or masses of the people of these provinces on whom it is proposed as retaliation to inflict commercial injuries which will equally injure our own people, before we have made any effort to remove those obstacles which some years after the treaty took effect have prevented each nation from reaping the full benefits which would naturally have accrued from it. I have already, in my previous remarks, explained the operation of the increased tariffs of Canada, especially of the tariff of 1859. These enactments, which substituted artificial restrictions for free and natural laws, should not be mistaken for the principles or results to which they are in direct contradiction. I am desirous of remedying the evils thus created.

It is argued that the treaty has deprived us of revenue. During the last year the imports and exports between the United States and Canada of articles free under the treaty were nearly equal. If we levy duties on their productions, they may do the same on ours. This principle is a two-edged sword. Or they may admit our products free of duty, as they did before the treaty, and thus be the carriers of a considerable portion of our produce as well as of their own. When a revenue was paid to our Government on Canadian productions, the provincial railroads and means of communication were imperfect and its population was comparatively scanty. By renewing the duties we shall drive away the trade and render our people less able to pay taxes. The utmost amount of revenue the Government can derive from duties on colonial productions is inconsiderable compared with the loss of commerce we shall sustain, and the consequent loss of employment to the laborer and profit to the merchant or capitalist.

Under a reciprocal system, instead of attempting to make money by restriction and injuries, each will partake of those natural advantages which have appropriately and eloquently been termed "the gratuities of nature."

Otherwise, if a restrictive policy is mutually adopted, we destroy the trade of such ports as Oswego and Portland, and two or three men will be employed to do the work of one, as in the case of compelling the Canadians to carry sugar from Cuba to Toronto, round by way of the St. Lawrence instead of carrying it ourselves for adequate remuneration to the benefit of our people, through New York, Boston, or Portland; or in the case of coal, compelling the people of each country to carry this essential element of success from remote mines, hundreds of miles from the places where it is used. It is as necessary to the comfort and maintenance of the poor as to the accumulations and luxuries of the rich. It saves labor, enabling one man, through the creation and application of steam, to do the work of twenty. Thus it creates wealth and power, diffusing its beneficent results through every department of society on each side. It is a just illustration of the whole subject. Let us place no fetters upon these beneficial exchanges, nor compel the people of either country to a perpetual system of labor in vain, wasting in circuitous routes the labor and capital which might be profitably expended. The waste of labor is a waste of human beings and of life.

As to smuggling, which it is said exists to a great extent on our frontier, I ask if it is likely to be diminished by the increased duties created by our own recent tariffs, or by entering upon a system of commercial hostilities with the whole population of the Provinces and stimulating all their sympathies in favor of the smuggler. Neither we nor they are alone in the world, or can carry out in all respects our own wishes and desires. England and France, with a most expensive and numerous coast-guard, were never able to prevent smuggling except by mutual liberality. Still less can we prevent it from countries which are so near to us that a merchant may have one-half of his store in the United States and the other in the Provinces. Already two free ports exist in Canada. All goods from the United States, from France, Germany, England, and all other parts of the world, are admitted free of any duty into these ports, which are not, as might be inferred from their names, mere cities. One



of them in the Northeast extends, at the mouth of the St. Lawrence, over a sea-coast twelve or fifteen hundred miles in extent. The other "free port" is in the Northwest, and, under the name of Sault Ste. Marie, includes practically a coast on Lake Huron and Superior and their islands of more than one thousand miles in extent. Do those who oppose the appointment of commissioners and our whole system of reciprocity think it is wise to reject all approach to any unity of legislation between us and the Provinces, and impel them to an extension of anything like this system of free ports, which already extends over some twenty-five hundred miles of coast, until it prevails over the remainder of the Provinces? It is a case where each Government can assist the other or injure it.

Various memorials from different parts of the United States have been presented to Congress and referred to the Committee on Commerce. They proceed from persons having distinct interests, and living, some of them on the western and some of them on the eastern extremity of our frontier. Although they all unite in requesting modifications of the treaty, not one of them is in favor of its unconditional abrogation. There is no exception. The State of Maine, in March last, through its Legislature, passed resolutions decisively in favor of the appointment of commissioners to negotiate a more extended and impartial system of commercial relations with the provinces; and in my opinion scarcely any State in the Union has a stronger interest in a liberal settlement of this question.

After mature deliberation, the Committee on Commerce believes that the appointment of commissioners on both sides to consult together as to the course most conducive to our mutual interest, combines more advantages than any other plan. The treaty was made between the United States and Great Britain, but as regards the management of financial affairs the colonies are independent of Great Britain. More than this, the British North American colonies of Canada, New Brunswick, Nova Scotia, Prince Edward's Island, and Newfoundland are commercially distinct and independent of each other.

each placing the other provinces, and the United States, Great Britain, France, and other countries upon a footing of equality as regards importations. The subject involves on our side an adjustment of the interests of the eastern, central, and western States—an earnest and full consideration of the course best adapted to promote manufactures, agriculture, and commerce, and the removal of such restrictions as exist, by means of the legislation of Canada, inconsistent with the general expectations when the treaty was made. No other plan can bring the parties whose interests are involved so closely and directly into communication with each other, and its importance demands the full and undivided attention of able and comprehensive statesmen.

I will say in addition, that the terms of the resolution do not seem to be fully understood. The resolution contemplates that the notice shall be given at the proper time, unless in the *interim* a convention shall have met and agreed upon a treaty based upon the true principles of reciprocity, and that whenever Great Britain shall indicate a willingness to enter into negotiations for that purpose, the President is authorized to appoint commissioners to ascertain on what terms such treaty can be made.

# THE TARIFF,

## AND

### THE TRUE PRINCIPLES OF TAXATION.

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HOUSE OF REPRESENTATIVES, June 2, 1864.

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When this speech was made wild and inconsiderate ideas regarding the tariff had reached their climax in Congress. Inordinate indiscriminations, abrupt and unstable taxation, were the practice of the times. Mr. Ward advocated such a tariff upon the fewest articles as would yield the largest revenue with the least injury to the people. Since his speech was delivered many changes have been made in accordance with these views, but much yet remains to be done. The revenue reformer of to-day will recognize in it an enunciation of the best principles of taxation.

MR. CHAIRMAN: The importance of proper tax and tariff bills is evident. The present financial condition of the country invites our earnest attention, and every effort should be made to maintain the public credit. A fundamental error was long ago committed in enacting the system of legal tender; and the earnest convictions of many who knew better than to depart from truth and reality have been changed into faint scruples, and then entirely overcome. The spectral doctrine that we can make money by printing it has superseded the dissolving views of specie payments; and the effect of all the redundancy of paper is that \$100 in gold will buy national securities to the amount of \$190. This is the deliberate estimate placed upon our system, our credit, our honor, and the policy we are pursuing by the capitalists of our own country and of the world.

I speak of things as they are. The national debt is increasing, and will continue to increase. We can judge of the future in no better way than by the experience of



the past; and if the Secretary of the Treasury has hitherto, when the prevailing temper of the people has naturally been more sanguine and enthusiastic than it will be hereafter, found himself unable to place any larger proportion of the public debt in the shape of permanent loans, it is impossible to avoid the darkest forebodings as to the future. Every day the war continues we grow poorer and poorer; the most vigorous and energetic portion of our people, those who are best capable of productive labor, are transferred from the fields of ordinary industry to the work of mutual destruction, and their number is diminished to an extent which already has fearful results upon the actual income of the nation.

We must treat the public debt as something to be actually paid. We must treble our revenue by a well-considered system of taxation, pressing as lightly as possible upon the working and producing classes, and we must cease to inflate the currency by fictitious values. There is no subject of more essential and permanent importance to the people than this collective indebtedness. One dollar raised by taxation is, as has been said by the Secretary of the Treasury, of more real value to the country than two made as money is now supposed to be made, and the tariff should be so arranged as to yield the largest possible revenue to the country with the least possible inconvenience to the people.

When the war is over, and the enthusiasm and passion it has created and kept alive have subsided, the monument of debt will remain. It cannot be obliterated by brave words and patriotic apostrophes. The public creditor will demand that the mortgage he holds upon the bones and sinews of the producing population shall be satisfied to the last fraction. Our legislation, therefore, should tend to no inflation of prices. We should make our money go as far as we can, by no means creating artificial values and incurring liabilities to be paid when the currency will be measured by a different standard.

For my own part, I do not believe it is now possible to end this war without having incurred a debt of at least \$4,000,000,000. Our expenses are increasing with the rise of prices and the increased necessity of more

vigorous exertions. Under the policy we have adopted, no spirit of reunion with us at present exists in the Southern Confederacy. Some of its people—many of them—desire peace; but as was remarked by the honorable member from Maryland, on the other side of the House, who knows them well, it is not peace and union, but peace and disunion. They desire peace, but only with victory and triumph for themselves and defeat of our forces. Under these circumstances, it is impossible to foresee how long the war will continue or what will be its ultimate cost in money or in men; but, in my judgment, the debt we shall incur cannot be less than \$4,000,000,000, and may be far more.

I take it for granted that, under the policy of the Administration, we are engaged in a war of subjugation, and I assume, for the purpose of this argument, that the party at present in power will realize its wishes, will conquer and forcibly revolutionize, by external force, the whole political, social, and industrial system of the South, in direct opposition to the opinions, or, if we choose so to call them, the prejudices, most cherished by them—forming their habits and the basis of their thoughts and sentiments.

Let us calculate the cost of retaining the fruits of the victories we have yet to gain. We may be sure that we cannot compel a population numbering eight millions, and equaling ourselves in courage, determination, and all the essential elements of military character and power, to submit to the absolute control of our Government unless we have a standing army of at least three hundred thousand men. At sea we shall need a force quite as powerful as at present. Our civil list will be increased by the large number of officials necessary to collect the additional revenue required for the support of the Army and Navy. I endeavor to estimate, on the most moderate basis, the amount of our expenditure when such a peace as is sought by the majority of this House shall be attained. We shall need annually, at least, for—

The War Department.....	\$300,000,000
The Navy Department.....	100,000,000
Interest on public debt, of say \$3,000,000,000..	180,000,000

Civil list, collection of revenue, foreign inter- course, and miscellaneous.....	40,000,000
Interior, pensions, Indians, &c.....	25,000,000
Total.....	<u>\$645,000,000</u>

If the South should willingly return to the Union, we shall, at least, need an army of a hundred thousand men. Taking this estimate and reducing the cost of the War Department by two-thirds, there will yet remain the necessity for a revenue of \$450,000,000 to be paid by taxation and duties.

As England is the only country on the globe which is cursed with so large a national debt as we shall incur before the war is ended, comparisons are often made with her as to ability to pay the principal and endure the interest. What are the facts? The real and personal property of the British Isles is stated to be \$32,000,000, 000. The value of the property, both real and personal, in the States of the Union which are supposed to adhere to the national Government is about \$11,000,000,000, and that of the other States is little more than \$9,000,000,000. By this it appears that Great Britain has, reckoning value in ready money, three times as much property as the United States; and therefore has, in this respect, three times as much ability to pay her debt. Ultimately, as our country is developed and our population augmented, the relative position will be changed, but the disparity in our present resources is even greater than this. The wealth of Great Britain is largely in manufactures and commerce, easily convertible into cash, and paying large revenue upon the investment. That of the United States is principally in land and in agriculture, which is not easily convertible into money, and which pays but a small per cent. upon the investment. Great Britain has immense colonies in all parts of the world, whose wealth and productive industry, through the medium of her commerce and manufactures, contribute to her prosperity. If peace should now be made, it would be three times more difficult for the United States to pay their debt than for Great Britain, whose statesmen and people, in conse-



quence of the vast magnitude of the obligation, never expect to discharge its principal.

Now, sir, let us look at the interest of the respective debts. That of England is from three to three and a half, that of the United States from five to seven per cent. The interest of our debt, estimating it at even \$3,000,000,000, will be \$180,000,000, while the interest on the British debt is \$140,000,000; in other words, \$180,000,000 interest money will have to be collected off our \$11,000,000,000 of property, while England only collects \$140,000,000 from her \$32,000,000,000 of property. The burden of our interest will therefore be three times as great as that of Great Britain, whose debt in this comparison with ours appears light. For generations to come the laboring men of the United States must labor for several hours more per day. They must stint themselves and their families in necessary comforts, not to speak of accustomed and almost necessary luxuries, in order to repair the results of this deplorable war.

I have mentioned these facts because it has been too common upon the floor of this House to exaggerate the manufacturing, agricultural, and commercial resources of the country, so far as regards their ability to bear taxation with the present population, after the vast destruction which the war has produced among the most valuable classes of our producers. I know the ultimate magnitude of our resources, but no true and wise friend of his country can speak of our appalling debt as if it were an affair of trifling moment, and could be discharged as readily as it has been and yet continues to be created. I believe there is a disposition on the part of the people to sustain the Government in this war, and to bear the just burdens which result from this source. It is of vital moment that this rebellion should be put down, and that the problem of self-government should be successfully solved. The revolt is an attempt on the part of the few to create a revolution against the wishes of the many. If we admit the right of secession, there is an end to the Government; and if we cannot put down the rebellion, this Republic will cease to occupy its proper position among the nations of the world.

I believe, Mr. Chairman, that the city of New York is willing to agree to any just tariff to meet the exigencies of the country. But all the communications that I have received on the subject are to the effect that the tariff should be for revenue and not prohibitory. In the tax bill I noticed some peculiar features in the imposition of taxes where taxation was injudicious. It passed from one extreme to another; from a disposition to tax lightly, it rushed to inordinate and indiscriminating taxation. The same course also has been pursued in reference to this tariff bill,

I pass now to the consideration of the joint resolution in reference to the tariff which passed Congress some time since. I suppose that scarcely ever has such a spectacle been exhibited in any legislative body so free and so well disposed as this. The joint resolution raised the tariff fifty per cent. upon all articles, without regard to what effects it might produce, whom it might injure, or what it might prohibit. Some articles would bear the increased taxation and others would not; yet this was a tariff to continue only for sixty days, and included goods in bonded warehouse and on shipboard. What is the effect of it upon goods on hand? There are large firms which, upon the first intimation that congressional action was expected, probably took from the custom-house merchandise of the value of millions and millions of dollars. They at once put up the price of these goods at rates corresponding to this new tariff of fifty per cent., although they paid no portion of the increase; while others, of smaller pecuniary means, being unable to remove their property from the warehouses upon such a brief notice, were compelled to pay the additional duty. Goods on shipboard were also subject to this increase. There is no equality or justice in such hasty action.

I object on behalf of the great interests I represent to this kind of abrupt, unstable, and temporary legislation. It creates a feeling of danger and insecurity exceedingly prejudicial to the public welfare. Impose a tariff fair and just, exact taxes which are liberal, and my constituents will submit to them cheerfully; but what I ask for them is that they shall not be subjected to fluctuations

in legislation which shall break up and destroy their trade.

My statements may be illustrated by reference to our action on the subject of taxing liquors on hand, a subject which is very familiar to this House. A tax of forty cents was imposed upon whisky on hand, and in conformity with the general tenor of these measures my proposal in this House to exempt foreign liquors which were in bonded warehouses or on shipboard *in transitu* to this country was defeated. The bill passed the House, went to the Senate, passed that body in an amended form, came back, and was returned to the Senate again. The Senate finally receded from their amendments to which we had disagreed, thus striking off the tax on domestic whisky on hand, but leaving it to operate upon imported liquors. Thus our importing merchants were compelled to pay a duty or tax of forty cents per gallon on foreign liquors on hand.

I think few enactments can be more likely to alienate important interests from the support of the constituted authorities than this system of taxation. No Government can afford to destroy or weaken the friendship of those who support it, and who intend to support it honestly, fairly, justly, and liberally. The measures to which I have referred were no sooner passed than a discontented feeling was created. And now to-day that tax of forty cents on foreign liquors on hand is charged to the importers of New York, while there is none on liquors of domestic manufacture. I opposed and voted against the imposition of any tax on stock on hand. I believe it would have been far better for the Government if the House had, when the revenue bill was reported, promptly passed the bill putting a liberal tax on liquor thereafter manufactured, but leaving stock on hand untouched. We should have realized a larger revenue, for we should not have lost two months, during which the bill was pending between the two Houses, in the collection of additional taxes.

I have seldom thought proper to quote in this House from articles published in the newspapers. I will, however, read an extract from an article published in one of



the most sound, impartial, reliable journals in this country, entirely in conformity with my own views. In speaking of this tariff resolution it says :

“The suddenness and absoluteness of this sixty days’ tariff savors more of the edict of some absolute monarch than the acts of representatives of a free people. Not the least consideration is shown for the convenience of traders, although they are the parties to whom the Government has to look for its chief support. The contracts of importers are totally disregarded : and they are treated as though they had no other business than to pay the levies of arbitrary enactments. Such conduct tends to convulse and paralyze legitimate business ; it goes on the supposition that merchants have no interests that ought to be respected by the Government, and that they are bound to submit to every whim and caprice of an arbitrary power without warning or redress. There is no Government in Christendom that, in these days, would be found guilty of such discourtesy and injustice toward foreign traders and the large class of domestic merchants whose interests are interwoven with foreign commerce. Such legislation is producing the most serious alarm among commercial men, and wearing their affections from a Government which they have proudly esteemed as the truest protector of commerce, because the truest representative of the people, in whom all the interests of commerce are invested.”

It will be seen that there is a great deal of truth and force in the article. Now, all I ask of the House is to so adjust the tariff duties as to do justice to my region as well as to others. I am willing you should tax liberally, but to whatever extent you prohibit or prevent the importation of foreign goods to that extent you diminish the power of the foreigner to purchase the products of this country. We injure ourselves when we injure the foreign labor. I am willing that the tariff shall be largely increased on many articles ; but I ask that you shall not tax articles on hand, and that you shall not by these sudden and violent changes affect the great interests of the country disastrously.

I trust before this session closes the House will correct much of its present legislation. If you do that, you will appeal powerfully to the support of the people of my section. The interests affected are too great to be treated hastily with immature or hostile consideration. Let us

not make rash experiments where so much of the welfare of our country is at stake. We passed a measure called the gold bill because honorable members alleged this would put down the price of gold; but it ought to have been evident to every member of this House that the sale of \$11,000,000 would not reduce the relative value of the precious metal. The steady increase in price is caused by the inflation of the currency, and until that is diminished the price cannot be permanently reduced. The nominal value of specie did not go down upon the passage of the gold bill, but continued to go up, and it is, I believe, to-day at a premium of over ninety per cent.

The House took alarm, and sought by legislation to do that which no nation in the world has ever accomplished, to reduce the price of gold by legislation. But as the value of gold in comparison to paper money continued to increase steadily, a sort of panic was created in the House, and the cry was, "Tariff! tariff! tariff!" "Tax! tax! tax!" This was done indiscriminately. I ask the House to deliberate upon these questions, affecting, as they do all the interests of the country. I trust that we shall not permit ourselves to commit injustice because gold may have gone up or down. Calm and deliberate legislation is absolutely needed in an emergency like this; I ask that we shall not legislate hastily or intemperately on any subject. But, as men comprehending the great issue before the country, and the great stake involved in the gigantic war on our hands, we should consider measures carefully in all their aspects, and endeavor to raise as large a revenue as possible with the least injustice to any interest.

I have no doubt that by a judicious system of internal revenue, and by duties on imports, we shall be able to raise in time a sufficient revenue to meet the exigencies of the country. But we shall certainly gain nothing by such a course of legislation as we have pursued for the last sixty days. Every member who will reflect one moment on the subject must see that it is far better for us to be deliberative rather than hasty, and to examine and weigh well every measure, and see what are to be its results and effects. In appealing to the House in behalf of the city

of New York, I appeal to them in behalf of a city equal in population to one or two of the smaller States of the Union, and in behalf of a community that has a large and vital interest in everything affecting the preservation of the Union. That city has done everything in its power to aid the Government, and will continue to do it whatever may be said to the contrary.

Now, Mr. Chairman, with regard to this question of taxation and tariff, there are many features in the modern policy of England, enacted there by the earnest advocacy and efforts of the middle and laboring classes, which, I think, we might advantageously adopt. My colleague, (Mr. STEBBINS,) whose absence I regret, said, in substance, during his remarks on the tax bill, that he was in favor of our surrounding ourselves as with a Chinese wall, isolating ourselves from all foreign communication and commerce, and making ourselves, as it were, a self-sustaining machine. "Prohibit," said he, "the exportation of every dollar of gold and silver, of every bushel of grain and every pound of beef and pork, or adopt the policy of a prohibitory tariff." He would "hold no intercourse with foreign nations until the war was over; none whatever." In my judgment, we need all the support we can derive from every source, and none of the accustomed supplies should be cut off. We should derive all the strength we can from profitable commerce as well as agricultural and manufacturing industry. Perhaps this thought also was suggested to the mind of my colleague, for almost in the next breath he told us that we should derive \$100,000,000 from such an increase of the duties on imports as would not be prohibitory. It would be a very unwise policy for us to isolate ourselves now from the rest of the world. We are in a position when we cannot well afford to lose the sympathies of the people of foreign nations, especially when so great an effort is now being made on the part of the Confederate States to secure them. We should not needlessly and unprofitably alienate from ourselves the laboring and producing population of other countries.

What I understand we desire to attain in the adoption



of a new tariff system in this country is to secure the most revenue in the best way, and that it should be derived as far as practicable more especially from articles of luxury; and while my friend (Mr. MORRILL) feels great hostility to the British Government, there are still certain features in the policy of that Government which I presume he will admit we may follow to advantage so far as they are beneficial to the masses of the people. Now, in Great Britain, the receipts in 1862 from customs were \$120,000,000, and of that amount ninety per cent. was obtained from five or six articles, namely: coffee, tea, sugar, spirituous liquors, and tobacco, as will appear in the following statement:

The revenue of the United Kingdom in 1862 was about \$355,000,000, and was derived as follows:

Customs.....	\$120,000,000
Excise.....	90,000,000
Stamps....	45,000,000
Lands and assessed taxes.....	15,000,000
Property tax.....	55,000,000
Post Office.....	19,000,000
Other receipts.....	12,000,000
Total.....	<hr/> \$355,000,000

Of the receipts from customs, ninety per cent. are obtained from six articles, namely, coffee, spirits, sugar, tea, tobacco, and wines, as will appear from the following statement:

Coffee, duty 6 cents per pound.....	\$ 2,000,000
Spirits, duty \$2 50 per gallon.....	13,000,000
Sugar, duty 3 cents per pound.....	33,000,000
Tea, duty 35 cents per pound.....	28,000,000
Tobacco, duty 75 cents per pound.....	28,000,000
Wines, duty 50 cents per gallon.....	5,000,000
Six articles.....	<hr/> \$109,000 000
All other articles.....	11,000,000
Total.....	<hr/> \$120,000,000

The authentic accounts show some remarkable facts.

Of the whole revenue of \$355,000,000, spirits contribute \$63,000,000, or  $17\frac{1}{2}$  per cent.; beer contributes \$30,000,000, or  $8\frac{1}{2}$  per cent.; tea and coffee contribute \$30,000,000, or  $8\frac{1}{2}$  per cent.; tobacco contributes \$28,000,000, or 8 per cent.; sugar contributes \$33,000,000, or 9 per cent.; wine contributes \$5,000,000, or  $1\frac{1}{2}$  per cent.; stamps contribute \$45,000,000, or  $12\frac{1}{2}$  per cent.; income and property contribute \$55,000,000, or  $15\frac{1}{2}$  per cent.; land tax contributes \$6,000,000, or  $1\frac{1}{2}$  per cent.; excise, besides spirits, contributes \$10,000,000, or  $2\frac{1}{2}$  per cent.; post office contributes \$18,000,000, or 5 per cent.; assessed taxes contribute \$9,000,000, or  $2\frac{1}{2}$  per cent.; sundries contribute \$23,000,000, or  $6\frac{1}{2}$  per cent.

The whole amount of revenue in Great Britain is double the amount of circulation, thus disposing of an alleged necessity for a great expansion of currency in order to collect high taxes.

One of the objects of a tariff bill, as of every description of tax bill, is to realize as large an amount as can be raised on articles of luxury, to simplify the whole system, to diminish the expense of collection, prevent smuggling or illegal trade, and subject the public to as little vexation and inconvenience, as few unnecessary burdens as possible, to relieve the masses of the people as far as possible from any increased price in the necessary articles of living; but we, on the contrary, as will be noticed by this bill now before us, propose to put a tariff upon almost every article that is imported.

I hope this House will endeavor, in the course they may pursue in regard to this and every other measure affecting the revenue, to adopt such a policy as will enable me to support the bill. At the proper time I shall move some amendments to the different sections of the bill, and I hope it may be so amended as to obviate the objections which now present themselves to my mind.

THE  
TREATY WITH THE HAWAIIAN ISLANDS:  
ITS RELATIONS TO OUR NATIONAL COMMERCE.

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HOUSE OF REPRESENTATIVES, March 4, 1876.

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Through a singular combination of circumstances a commercial treaty with the Hawaiian Islands had been advised by a large majority in the Senate. Mr. Ward advocated its approval and the appropriate legislation in the House, as it would to some extent open a market for our manufacturers and furnish freight for our shipping. Regarding the completion of a canal through the Isthmus of Darien, as a question only of time, and as China and Japan are among our chief fields for commercial and manufacturing enterprise, he believed it to be important that we should have friendly naval stations in the Pacific Ocean, but he supported the treaty most earnestly on the ground that it would direct attention to our incomparably more important relations with Canada, Mexico, and Cuba, and might serve as a precedent for an extension of them.

MR. SPEAKER: I have observed with much pleasure that the convention for the extension of the trade of the United States with the Hawaiian Islands was advised in the Senate by the triumphant majority of fifty-one against twelve votes, and has been sent to this House for its approval and the appropriate legislation. Under the policy which has now for many years controlled the legislation of this country, the industry of the people has been unduly diverted to manufacturing pursuits. Overproduction and a want of employment have followed. For the present the home demand can scarcely be increased, and it has become incumbent on Congress to do whatever is fairly in its power to open or extend markets abroad. This is one of the direct results which will be accomplished by the proposed treaty, and hence it should



be supported by the representatives of the people without distinction of party.

The treaty also provides for the admission of certain articles, and, notably, unrefined sugar, into the United States, free of duties. It cannot be expected that commercial privileges, such as we shall obtain if the treaty should be fully confirmed, can be accorded to us without some equivalent. At the same time it is clear to me that the advantages given to the people of the Hawaiian Islands by the proposed arrangement are also advantages to ourselves. By the stimulus given to industry in the islands an increased demand not only for our manufactures, but also for our agricultural productions, most of which are essentially different from those of the tropics, will be created, and the mutually beneficial exchange will be effected by our own sailors and ships, thus giving another impetus to our national progress.

The discussions which have engaged so large a share of public attention, as to the opposing doctrines of free trade and "protection," are now of diminished importance. The taxation needed for the expenses of government and interest on the national debt is already so burdensome that argument as to the expediency of levying further taxes on the many for the benefit of the few should, by common consent, be postponed. Revenue, with the least possible injury to the people, is the proper object of the tariff.

So long as our observation of the prices we are compelled to pay on the articles we use or consume is confined to our own country only, we lose sight of their injurious effect. When we compare prices in our own country with those of the world at large, we ascertain our condition with tolerable precision. The competition to which our shipping is subjected on the ocean, in trade with other countries, affords a strong illustration of this rule. Before 1860, seventy-five or eighty per cent. of our foreign commerce was in American vessels. The proportions are now almost literally reversed, over seventy-two per cent. being carried in the vessels of other countries. Of our whole foreign carrying trade little more than one-fourth is under our own flag. The earnings of the trade were recently estimated by the Secretary of the Treasury to be

more than a hundred million of dollars yearly. In 1872, the amount paid to foreign steamships for freight and passage money was \$134,742,441. When we consider that such sums are paid annually, and that our ship-owners, sailors, and others formerly enjoyed the pre-eminence and chief profits in a trade now so nearly monopolized by foreigners, it is plain that a liberal and comprehensive change is needed in legislation. Upon similar principles, judiciously applied, a strong stimulus could be given to the exports of many manufactures, and the additional labor employed in their production would increase the demand for agricultural products and the home consumption of those manufactures to which the condition of our country is specially adapted.

The theory of protecting and encouraging industry by high duties, levied, in the main, upon the industrious, has long been tried, while no legislative efforts have been made to attain the same object by the judicious application of the lowest taxation consistent with the needful revenue. While our tariff levies duties on nearly twenty-five hundred different and distinctly enumerated articles or classes of articles, the whole British tariff includes only fourteen; all others are supplied to her consumers free of duty. Although we cannot yet attain the same simplicity, it would be wise to take steps in that direction. Whenever a revision of our tariff takes place, as it must at no distant day, whatever diminution of revenue may be caused by the Hawaiian treaty will be unimportant in comparison with the benefits derived by the country at large.

While some diminution of our revenue on certain articles may be expected to follow the removal of duties as required by the treaty, I have yet to learn that taxation is the chief purpose of government, which is instituted and maintained for the benefit of our citizens. The money which might be taken by the custom-house officials from the pockets of our citizens will be spent in other articles, many of them yielding revenue to the Government, or be re-invested in industrial pursuits, productive of the prosperity and wealth which are the surest sources of national income, and enable the people to pay necessary taxes without repining.

The advantages of the treaty are in some degree local. They will accrue primarily and for the present chiefly to the benefit of our fellow-citizens on the Pacific coast. But that is a narrow, unwise, and destructive statesmanship which would, on such grounds, lead those who live in other parts of the Union to regard the treaty with indifference or, yet worse, endeavor to prevent its provisions from becoming part of the laws of the Union. One of the cardinal principles of our legislation should always be no less to promote the legitimate interests of each part of our country than to protect it from attack by foreign foes, and I know of no more probable source of future danger than neglect of this obvious duty. The welfare of the whole Union is intimately connected and bound up with that of every State. If one member suffers, all in fact suffer with it, and apart even from all ties of sentiment and their very important results, each has a material profit from the prosperity of the others.

The manufactured, agricultural, and mineral productions to be admitted under the treaty free of duty into the Hawaiian Islands will, to a very considerable extent, be brought from the Atlantic coast and all other parts of the Union. Yet even this view of the subject is not that which is most important to the nation at large. Placed as our continent is, midway between the leading commercial nations on the European side of the Atlantic and those oriental realms whose trade has always enriched those who have obtained it, and is now one of the chief objects of solicitude and competition among the different states of Europe, it is to what has been usually termed "the East," but is to us the West—the region on the other great continent fronting our Pacific coast—and to South America that we must look for the natural openings for our manufacturing ingenuity and enterprise.

The purchase of a preponderating interest in the Suez Canal has justly been regarded as a masterpiece of statesmanship and far-seeing policy on the part of Great Britain. Its object is to maintain for that country its supremacy in oriental trade. I regard the treaty with the Hawaiian Islands as scarcely less important to our



people than the control of the Suez Canal is to British subjects. China and Japan are among the chief fields for our commercial and manufacturing enterprise, and it is of the utmost importance that we should possess adequate naval stations in the Pacific Ocean.

It is also our duty to legislate with due regard to the more remote future. Vast as the difficulties attending the opening of a ship-canal between the Atlantic and Pacific Oceans undoubtedly are, the resources of modern science make the whole question one simply of cost, and the benefits which would demonstrably result from it to the commerce of the world, and especially to that of the United States, prove that the necessary expenditures would be amply remunerative.

By the completion of this great work remote nations would, for all practical purposes, be brought nearer the commercial centres of the world by thousands of miles, and the trade of the globe would receive a stronger stimulus than has ever before been given to it. The Suez Canal itself could never compete successfully with such a work, not only for the exchanges of this continent, through part of which it would pass, but for those of many other nations; the passage by the Mediterranean and Red Seas being too uncertain to be used extensively by sailing vessels whenever means of communication through the American isthmus are established.

Recent surveys, carefully made by officers of the United States, show that a ship-canal through the American isthmus is practicable, and its completion is only a question of time. When that period arrives, enormous and unprecedented changes will take place in the commerce of the world, and our maritime interests will acquire an importance incalculably exceeding any they have ever yet attained. Although the benefits will affect mankind at large, they must accrue to the people of this country far more extensively than to those of any other. It is in this view of a certain and, historically speaking, not distant future that the real value becomes apparent of such safe and convenient harbors on the track of our commerce in the Pacific as the Hawaiian Islands afford. Hence, the proposed treaty is of far greater concern to us than

in the mere exchange of the commodities specified by it. His Hawaiian Majesty stipulates that during the continuance of the treaty he will not lease or alienate any port, harbor, or other territory in his dominions to any other power or government. By its adoption the interests of the United States are, as far as is at present practicable, established in the islands.

For these reasons I regard the Hawaiian Islands, although no part of this continent, yet as commercially, politically, and in fact as part of its appurtenances, and to be properly included in the application of the Monroe doctrine, prohibiting the intervention of European powers in them. Of this it was well said by President Johnson in his message of December 5, 1865, that it has, as law, been "sanctioned by time, and by its good results has approved itself to both continents." We all remember how Mr. Seward, soon after the civil war had ceased, asserted this doctrine, and urged the evacuation of Mexico by the French in language addressed to our minister in France, and not the less significant because it was duly courteous. "We shall," he said, "be gratified when the Emperor shall, either through the channel of your esteemed correspondence or otherwise, give definite information of the time when French military operations may be expected to cease in Mexico." We all know the auspicious events which followed as the practical result of this national assertion. In my judgment the proposed treaty with the Hawaiian Islands has a similar tendency. If we refuse, it is certain that they will form at least commercial alliances with Great Britain and her colonies, and such an opportunity as now presents itself will be lost to us forever. In a naval and military point of view, many of our highest authorities have repeatedly warned us not to permit the islands to pass into the hands of any foreign power.

It appears to me that however just and proper and gratifying to an honorable national pride the Monroe doctrine in itself may be, it is imperfect and little more than a barren ideal, unless, in an enlightened self-interest, we associate it with a friendly care for the commercial and material prosperity of the states we have so far taken

under our protection. If we prohibit the interference of European nations with the states of this continent, shall we stop at that point and cultivate no further increase of friendly relations with them? I for one have the strongest possible faith in the manifest destiny of our people, and that a series of united states will exist from the cold regions of the north, so far as they can be inhabited by civilized man, down to the southern verge of the American continent, and include the islands adjacent to it. We, with our rapidly increasing 40,000,000 of people, shall be, so to speak, the key-stone of the arch—no barrier in the way of intercourse, but doing all we can to facilitate it, we ourselves necessarily partaking, at least to as high a degree as any others, in the prosperity which would thus be inaugurated and established.

The progress of this manifest destiny, however much it may have been delayed by events which none can lament more deeply than I do, is now perhaps the most important of all the problems in our future. How shall it be consummated? Manifestly, it would not be creditable to us, and it should be abhorrent to our desires, to work it out by means of the cruelties, barbarities, and piratic robberies of war. Nor should it be done by the ever corrupt and corrupting influences of purchase, by taking money from the pockets of our already overburdened people to bribe others to enter into the Union and partake with us of what, if we are true to ourselves and posterity, are its inestimable privileges. Let us, by the force of those necessities which compel men to seek interchangeable supplies, exchange the products of their industry, attract the neighboring states to ourselves and each other, reversing the policy of oppressors, which has ever been to divide mankind and keep them separate, that they might the more easily conquer and command them. In this way the consummation of our manifest destiny will be solved in accordance with the principles of the highest civilization. It is more than doubtful if in any other manner it can ever be accomplished at all.

The policy I have described could not fail to command the admiration and good-will of liberal and enlightened statesmen throughout the world. I commend to your at-



tention the wise and noble thoughts of John Bright, expressed in the British Parliament, on the development of the Monroe doctrine in a civilized and unobjectionable form, throughout the whole length and breadth of the American continent and the adjacent islands. In reply to Sir Edward Bulwer Lytton, Mr. Bright said:

There cannot be a meaner motive than this that I am speaking of in forming a judgment on this question, that it is "better for us" (meaning the people of Great Britain) that the American continent should be as the continent of Europe is, severed into many states and subject to all the contentions and disasters which have accompanied the history of the states of Europe.

I should say that, if a man had a great heart within him, he would rather look forward to the day when from that point of land which is habitable nearest to the pole to the shores of the great gulf, the whole of that vast continent might become one great federation of states, that, without a great army and without a great navy, not mixing itself up with the entanglements of European politics, without a custom-house inside through the whole length and breadth of its territory, but with freedom everywhere, equality everywhere, law everywhere, peace everywhere, would afford at least some hope that man is not forsaken of heaven, and that the future of our race might be better than the past.

Without pursuing the comparison in detail, it is unquestionable that if our commerce with the Hawaiian Islands is worthy of special attention, that with the Dominion of Canada is almost incalculably more so; and the argument loses nothing of its force, either commercially or politically, when we consider the limited area of the islands and the vast territory of the Dominion to be inhabited by people who are sprung like ourselves from the foremost nations of the Old World, and whose numbers will be computed by the hundreds of millions.

Our commercial relations with the southern countries of this continent have long been unsatisfactory. By extending our exchanges with them we should acquire the chief benefits of actual ownership without its disadvantages. Additional capital would be attracted to Mexico and Central America. Labor in those countries would meet with more remunerative and regular employment. Thus an antidote would be provided to restless insubordination and want of steady industry. Personal intercourse

among the inhabitants of the different portions of the continent would be incalculably promoted. The attrition would destroy mutual prejudices. Migration would take place to and fro between distant regions. As the industry of the inhabitants of every part would be more amply remunerated, they would be enabled to buy more largely from each other. We being the most advanced manufacturers on this continent, the chief share of increase in the sale of manufactured articles would accrue to us; but all would be benefited. The prices of articles of tropical origin to the people of the United States and Canada would be diminished. Thus the cost of living and of production would be reduced; industry throughout the continent would be encouraged by the extension of our markets, and would be enabled better to compete abroad with other countries. No other course, so readily adopted, would tend so much to diffuse the ideas and industrial habits of the northern and most advanced nations of the world.

Commerce with Cuba has long been in a very unsatisfactory condition. Our importations from her in 1874 amounted to the large sum of \$86,272,466, while our exports of domestic origin to her were only \$19,597,981; the balance of \$66,674,485—except less than two millions of foreign goods exported from this country—was necessarily paid in gold or its equivalent in bills of exchange on other countries. No point in our foreign relations is more worthy of attention than this. The vast sum thus paid yearly to Cuba would soon enable us to resume specie payments if we could pay it in the products of our industry in other forms. It is believed that much might be done in this direction by an honorable treaty with Spain, tending not only to the commercial benefit of all parties concerned, but to terminate the unfortunate relations between her and Cuba by harmonizing their mutual interests.

This belief derives additional strength from the statement made some years ago on official authority, that in the project of a treaty drawn up by the Spanish minister at Washington, arrangements were suggested for an extensive reciprocity of trade between the United States and



Cuba as a satisfactory solution of difficulties existing at that time.

The people and government of Mexico, and those of Canada, are undoubtedly desirous of wider commercial intercourse with us. Our trade with those countries, if relieved from unnatural obstacles, would certainly attain gigantic proportions at no distant day. We should not covet their territory, but desire their trade and the harmonious development of our various resources, leaving us free from the responsibilities and burden of managing their affairs; and least of all should we, by money wrung from the earnings of our already overtaxed citizens, endeavor to annex foreign territory, or any part of it, and give others a share in governing us. The certainty of an economical, free, and pure government should be the attraction on which we rely. Admission into the Union should be regarded as a privilege, not as a matter of bargain and sale.

The trade we might soon have with Mexico is of incalculable importance. She is capable of supplying our rapidly increasing population with tropical productions for centuries to come. Last year our imports of the products of the sugar cane from Cuba alone amounted to \$75,728,448, while those from all other countries were only \$17,120,755. Yet the supply of these necessary articles from Cuba is liable to be cut off almost at any time by the emancipation of the slaves through whose labor it is produced. The same immediate results which followed emancipation in the other West Indian islands must be expected in Cuba. It is therefore advisable that, with wise foresight, we should provide other sources of supply. Mexico alone can furnish them, and she can do so abundantly. Her population already amounts to 9,000,000, being six times as large as that of Cuba, which is 1,500,000; a fair index to the probable consumption of our products by the people of the two countries under similar conditions of trade. Hitherto her industrial development has been materially crippled by the absence of cheap transportation for her products from the rich lands of the interior. Railroads are now removing this obstacle, and their construction affords the best opportunity that will



ever arise for us to open a mutually beneficial exchange of the products of the industry of our people for many articles now of prime necessity, and which we cannot advantageously raise in our own country, but are abundantly produced in Mexico.

Under a good commercial treaty or customs union with Mexico, many years would not elapse before her territory would be intersected with a network of railways carrying prosperity into every part, the amount of our productions taken in exchange for hers would far exceed the enormous sum now paid annually to Cuba, and the difficulties arising from the Zona Libre or Free Belt, on our frontier would immediately be settled; while the more remote political results which would arise from the increased intercourse of the people of both countries, through the development of their natural commercial union, must be obvious to all thinking men.

It should also be remembered that by the adoption of an American commercial system we should not only supersede the demand upon us for the specie or bills of exchange now paid for tropical productions, but become also the intermediate carriers and factors for the trade which would be indefinitely extended between our neighbors in Canada on the north, and those in Mexico on the south. The Canadians, by their recent proposals for a treaty of trade with the United States, and the Mexicans, through the liberal concessions their government has made, providing for a railroad nearly seven hundred miles in length, from the city of Leon to connect with the international railroad of Texas, and thus with the railway system of the United States, prove their appreciation of the benefits to be derived from enlarged commercial intercourse with our citizens, who, we may be sure, will not transact business if it is not to their profit.

Such a treaty with Spain as would insure free admission into Cuba for our flour, other provisions, and various articles of manufacture, would be worth more than the fee-simple of the island itself to the farmers and manufacturers and merchants of the United States; and the commerce created by a similar arrangement with Mexico would benefit the manufacturers of New England and

Pennsylvania far more than the conquest or purchase of half the Mexican territory.

By these means each country that became a party to the arrangement would be brought face to face with the actual interests naturally arising from its condition; prejudices founded on erroneous opinions would be destroyed. Whatever political relations would really be mutually advantageous would follow as the natural results of friendly and beneficial intercourse. The people of the United States would be enabled by practical experience to decide how far peace and perfectly reciprocal commerce with adjacent countries are preferable to admitting dissimilar nations to a share of power in governing us, and to the ancient European system of establishing jurisdiction over them. The adoption of these principles would be the initiation of a favorable revolution in our commerce. The change in our foreign relations, and the benefits arising from it, would in every part of our country give an impetus to the industry and spirit of enterprise which abound among us, and develop them to the utmost; we should no longer see the great prizes of trade with the countries adjacent to us fall into the hands of others, while the character of our people and our unequalled agricultural, mining, manufacturing, and commercial facilities give us the means of grasping and retaining them.

The commercial relations of the different countries of this continent being founded not only on the present condition of their people, but on their unalterable positions and variations of climate, unlike those topics which are temporarily brought forward for purposes of faction or excitement, and are dropped forever when a vote has been taken on them, will constantly recur, in various shapes, as sources of debate, irritation, and, perhaps, of embroilment, until they are brought upon the natural level of perfect freedom.

Regarding the proposed treaty with the Hawaiian Islands as the precursor of more extended and beneficial measures, I trust it will receive the sanction of the House.

## COMMERCIAL RELATIONS WITH CANADA.

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HOUSE OF REPRESENTATIVES, May 18, 1876.

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At this time much embarrassment and distress prevailed in the commercial and manufacturing cities of the United States. Under this pressure unprecedentedly large quantities of our manufactures had been exported to Canada, and her value as a market was clearly demonstrated, but our importations of wheat had, under the existing duties, become merely nominal. The tariff of Canada was exceedingly liberal, while ours was oppressive. The result is, that we sell large amounts of many articles to Canada, to be carried over railroads and canals, and exported by her ships, while we divert her exports from ourselves. The highest mercantile and official authorities in Canada had expressed a desire for a fair extension of commercial relations with us, and its advantages were fully appreciated in all the northern States. In this speech the extent of Canada, the character of her people, and her natural connections with the United States, are presented as briefly as the subject permits, and discussed with reference to the principle of political economy, the facts of the newest statistics, and many demands of public policy. Recognizing these facts, Mr. Ward introduced a joint resolution for the appointment of commissioners by the President to ascertain the best terms on which a treaty of commerce could be negotiated.

MR. SPEAKER: At the present time, when capital seeks investment, interest is reduced beyond all precedent in this country, wages are lowered, immigration decreases, the value of our exports is diminished, and hundreds of thousands of our people are in search of work by which they may earn a livelihood, it is the duty of wise statesmen and sound patriots to do the utmost in their power to promote the return of prosperity by such measures as will best extend the sales of our productions, and promote our carrying trade and commerce. Hitherto, intent upon the development of our unparalleled resources, and having a sparse population, we have paid too little attention to our external trade and the encouragement of foreign



markets for our products, especially for those of our manufactures, the number of which we have stimulated to an extent far greater than is commensurate with the demands of our own population.

There is no more obvious remedy for this state of affairs at present, nor any more sure and stable foundation of our prosperity in all time to come, than the extension of our commercial relations with the adjacent countries on this continent—on the north with Canada, and on the south with Mexico.

Yet we seldom appreciate at their great and practical value the importance of the vast regions north of the United States on this continent. Stretching from the Atlantic to the Pacific ocean, they contain an area of three millions and a half of square miles; more than is owned by the United States, exclusive of our newly acquired territory in the far northwest, and not much less than the whole of Europe with its family of nations. No small proportion of these Territories consists of barren and inhospitable regions in the extreme north; but, as a recompense, the arid plains extending through Texas, and thence northward beyond the limits of the United States, are comparatively insignificant as they enter the British possessions, where the Rocky Mountains, being less elevated, and having a narrower base, afford an easier passage to the clouds from the Pacific Ocean, bearing ample rain with its fertilizing influences into the interior of the continent. By the same cause the climate is tempered.

The isothermal line of  $60^{\circ}$  for summer rises on the northwestern plains as high as the sixty-first parallel, its average position in Europe; and a favorable comparison may also be traced for winter and the other seasons of the year. Spring opens almost simultaneously for a distance of about twelve hundred miles on the vast plains reaching northerly from St. Paul. Along the valleys of the Red, Assinaboine, Saskatchewan, and Mackenzie Rivers, for more than seven hundred miles north of the limit of the United States, wheat has been grown, yielding most abundant returns, thus indicating a soil and climate well suited for the crops ordinarily produced in the cooler parts of the temperate zone. Barley, the

grasses, and many root crops grow twelve hundred miles north of the same boundary.

These facts are significant proofs of the immense capabilities of the agricultural areas in the interior of the continent north of the forty-ninth parallel. Westward from these regions—yet scarcely inhabited, but of incalculable value in the future—are countries of yet milder climate on the Pacific coast, whose relations to California are already important. To the eastward are the rapidly increasing settlements, enjoying the rich lands and pleasant climate of Manitoba, on the Red River of the North, a stream capable of steamboat navigation for four hundred miles.

It is asserted by those who add personal knowledge of the subject to scientific investigation, that the habitable but undeveloped area of the British possessions westerly from Lake Superior and Hudson's Bay comprises sufficient territory to make twenty-five States equal in size to Illinois. Bold as this assertion is, it meets with confirmation in the isothermal charts of Blodgett, the testimony of Richardson, Simpson, Mackenzie, the maps published by the government of Canada, and recent explorations.

North of a line drawn from the northern limit of Lake Superior to the coast at the southern limit of Labrador exists a vast region, possessing in its best parts a climate barely endurable, and reaching into the Arctic regions. This country, even more cold, desolate, and barren on the Atlantic coast than in the interior latitudes, becoming early known to travellers, has too often given character in public estimation to the whole north.

Another line, drawn from the northern limit of Minnesota to that at Maine, would include nearly all the inhabited portion of Canada, a country extending opposite the Territory of Dakota and States of Minnesota, Wisconsin, Michigan, Ohio, Pennsylvania, New York, Vermont, New Hampshire, and Maine, and possessing a climate identical with that of our Northern States.

The "maritime provinces" on the Atlantic coast include New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland. Geographically they may be regarded as a northeasterly prolongation of the New England

system. Unitedly they include an area of at least eighty-six thousand square miles, and are capable of supporting a larger population than that at present existing in the United States or Great Britain. They are equal in extent to the united territory of Holland, Greece, Belgium, Portugal, and Switzerland.

The natural interests of New Brunswick and the adjacent State of Maine are inseparably connected. New Brunswick has an area of twenty-two millions of acres and a sea-coast four hundred miles in extent, and abounding in harbors. It had at the census of 1871 a population of nearly three hundred thousand, being nearly equal to that of Nebraska, Nevada, Oregon, and Colorado. The chief occupations of its inhabitants are connected with ship-building, the fisheries, and the timber trade. Judging from authentic surveys and records, it is scarcely possible to speak too highly of its climate, soil, and capabilities. Few countries are so well watered and wooded. On its unreclaimed surface are large stocks of timber; beneath are coal-fields. The rivers, lakes, and sea-coast abound with fish.

Nova Scotia, a long peninsula, united to the American continent by an isthmus only fifteen miles wide, is two hundred and eighty miles in length. The numerous indentations on its coast form harbors unsurpassed in any part of the world. Including Cape Breton, it has an area of twelve millions of acres. Wheat and the usual cereals and fruits of the Northern States flourish in many parts of it. Its population in 1871 was declared by the census to be nearly four hundred thousand. Besides possessing productive fisheries and agricultural resources, it is rich in mineral wealth, having beneath its surface coal, iron, manganese, gypsum, and gold.

The province of Prince Edward Island is separated from New Brunswick and Nova Scotia by straits only nine miles in width. It is crescent-shaped, one hundred and thirty miles in length, and at its broadest part is thirty-four miles wide. It is a level region, of a more moderate temperature than that of Lower Canada, and well adapted to agricultural purposes.

The island of Newfoundland has a sea-coast of one



thousand miles in extent. It has an area of over twenty-three millions of acres, of which only a small portion is cultivated. Its spring is late, its summer short, but the frost of winter is less severe than in many parts of our own northern States and Territories. It is only sixteen hundred and sixty-five miles distant from Ireland. It possesses a large trade with various countries, including Spain, Portugal, Italy, the West Indies, and the Brazils.

The chief wealth of Newfoundland and of the Labrador coast is to be found in their extensive and inexhaustible fisheries, in which the other provinces also partake. The future products of these, when properly developed by human ingenuity and industry, defy calculation. The Gulf Stream is met near the shores of Newfoundland by a current from the polar basin, vast deposits are formed by the meeting of the opposing waters, the great submarine islands known as "The Banks" are formed, and the rich pastures created in Ireland by the warm and humid influences of the Gulf Stream are compensated by the "rich sea-pastures of Newfoundland." The fishes of warm or tropical waters, inferior in quality and scarcely capable of preservation, cannot form an article of commerce like those produced in inexhaustible quantities in these cold and shallow seas. The abundance of these marine resources is unequalled in any other portion of the globe, except where similar conditions exist in the Northern Pacific ocean.

The provinces of Ontario and Quebec, known as Canada before the union with the Dominion, include an area of more than one hundred and eighty-five millions of acres, independently of the northwestern regions yet scarcely open for settlement. Their territory is three times as large as that of Great Britain and Ireland, and more than three times that of Prussia. It intervenes between the great northwest and the maritime provinces, and consists chiefly of a vast projection into the territory of the United States, although it possesses a coast of nearly one thousand miles on the river and gulf of the Saint Lawrence, where fisheries of cod, herring, mackerel, and salmon are carried on successfully. Valuable fisheries exist also in its lakes. It is rich in metallic ore and in the resources

of its forests. Large portions of it are peculiarly favorable to the growth of wheat, barley, and the other cereals of the North.

Within thirty-five years, or less than the life-time of nearly all who are now hearing me, the population of Ontario and Quebec has increased about five-fold, or from five hundred and eighty-two thousand to about three millions.

The population of the Dominion of Canada and the other possessions now exceeds four millions, being more than that of Arkansas, California, Delaware, Florida, Kansas, Louisiana, Maine, Minnesota, Nebraska, Nevada, and New Hampshire, added together, at the last census. Many of their inhabitants are of French extraction, and a few German settlements exist; but two-thirds of the people of the provinces owe their origin either to the United States or to the British islands, whose language we speak, and who "people the world with men industrious and free." The identity of language in contiguous countries is a fair exponent of the tendency to amalgamation. It generally implies great similarity, if not identity, of religion, laws, and habits, the essential elements of thorough fusion.

Apart from the artificial regulations by customs duties, the exchanges of the products of labor between the people of the United States and their neighbors on the north would be as intimate and, in proportion to the population, at least as various and comprehensive, as those of the States of our Union with each other. In fact the commercial relations of our northern, northwestern, and eastern States with the Dominion of Canada, if left simply and without obstruction to the practical test of benefits or profits given and received by the people of both countries, would be more close and intimate than those between most parts of the Union. The great lakes, which for some thousands of miles politically separate us, are themselves among the cheapest and most useful means of intercommunication for the northwestern and eastern States, and with the majestic river through which their waters flow, have long furnished, by aid of short canals, one of the most important channels of trade and

travel, from the interior to the ocean, and thence to the chief markets of the world.

Nearly three-fourths of the people of the Dominion inhabit a territory in latitudes south of our boundaries in Maine and Minnesota. Across this region, and especially the peninsula between Lakes Huron and Michigan, is the direct line of communication between the States of Maine, New Hampshire, Massachusetts, Rhode Island, Connecticut, and New York on the one side, and Michigan, Wisconsin, Minnesota, and all our Territories west of them on the other.

Great as the value of transit through Canada is to our people, similar freedom through our territory is perhaps even more important to the Canadians. Excepting the maritime provinces, the whole of the British North American possessions, until they approach the Pacific Ocean, is dependent upon the railroads, canals, rivers, and other means of communication in the United States for the shortest routes to the ocean. Fortunately, what is in this respect almost the necessity of the Canadians is one from which must result the employment of our people and profit to our forwarders on such a scale that it will confer conspicuous national benefit upon us if we do not prevent the natural interests of the people from attaining due and harmonious development. More than that, the great natural, permanent system of exchanges is between the North and South; their productions being necessarily distinct, and modern civilization having rendered them practically necessities of life to the people of each region.

Regarding the subject from a broad and national point of view, it is instructive to see how great and varied are the advantages that would result to all parts of our country from free intercourse with the neighboring nations. The northern and southern parts of our continent possess special and distinct advantages for producing commodities with which each can purchase those of other sections. The Northern States, for instance, need fear no competition with Mexico or Cuba in manufactures or agriculture. These countries would purchase, in increased quantities, our manufactures,



cereals, meats, and fish, while we in return should consume more of their sugar, coffee, fruits, and other tropical productions. The agricultural productions of Canada are almost identical with those of the Northern States, but would be exchanged for our own manufactures, and for the products of warmer climates, in part those of our Southern States, and in part of regions yet farther south, whose products would thus be brought through our territory, and afford employment and profit to our people, with advantages to all the countries which would be parties to the arrangement. Our agriculture, manufactures, and carrying trade would alike be benefited, and the natural operation of the laws of trade would necessarily confer corresponding benefits on those for whom our work would be done and with whom our exchanges would be made.

The trade between the northern and southern parts of this continent must attain enormous proportions. It is very desirable for our people that it should as soon as possible be developed to the utmost. Its natural course will be through the central or intermediate States, creating in them commercial interests of a magnitude which it is almost impossible now to calculate. The mutual benefits thus given and received would be perpetually diffused, and circulate in every vein and artery of commerce and manufactures throughout the Union, and be accompanied with the gratifying knowledge that they were derived from the prosperity of our neighbors in other countries.

As the naturally interdependent commercial relations of the United States and Canada arise from geographical and climatic causes which are permanent and unchangeable, and the cost of labor and the interest on capital in both countries are, reckoning from a series of years, nearly alike, they have from the beginning of our history attracted the attention of our leading statesmen without distinction of party.

During the Presidency of General Jackson, Mr. Van Buren, when writing in 1829 to Mr. McLane, then our Minister at the Court of St. James, referring especially to the North American Colonies, said :

The policy of the United States in relation to their commercial intercourse with other nations, is founded on principles of perfect equality and reciprocity. By the adoption of these principles they have endeavored to relieve themselves from the discussions, discontents, and embarrassments inseparable from the imposition of burdensome discriminations. These principles were avowed while they were yet struggling for their independence, are recorded in their first treaty, and have been adhered to with the most scrupulous fidelity.

The exceptional character of our natural commercial relations with Canada has also been duly observed by some of the most eminent advocates of what is termed "protective" policy. One of the chief arguments in its favor is that against admitting the products of "pauper labor" to compete with those of our own citizens. It has no force in reference to a contiguous country, from which people can pass to the United States in a few moments or at most a few hours. The other argument of the same class of theorists is derived from the importance of a "home market." But a "home market" is the market nearest home, and this is furnished by the respective countries to each other at every point of their coterminous territory.

Mr. Clay, who was called the father of the "protective" system, duly appreciated these facts, and from his standpoint added valuable testimony to the uniformity of opinion among American statesmen in his time, and his conviction as to the policy by which he desired our country to be guided.

The Government of the United States—

He said—

has always been anxious that the trade between them and the British colonies should be placed on a liberal and equitable basis. There has not been a moment since the adoption of the present Constitution when they have not been willing to apply to it principles of fair reciprocity and equal competition.

As time has passed and the country on both sides of the frontier has become more closely inhabited, farms, villages, and cities taking the place of the primeval wil-

derness, the value of the intercourse of the people has immensely increased. When Mr. Clay and Mr. Van Buren deemed it important the population of Canada was insignificant. It is now larger than that of all the six New England States added together.

The interests involved and the benefits each country can confer upon itself by due emancipation of its industry are so many and obvious that they will continually demand discussion until they are fully settled on the basis of perfect freedom, and our trade with Canada is as unrestricted as that of our different States among themselves. It is our duty to regard these questions practically, avoiding alike on one side the inconsiderate haste which might result from political sentimentality, and on the other the influence of the absurd and pernicious dogma which, carried to its logical results, would put an end to all trade, individual as well as national, that whatever is profitable to others must be injurious to ourselves.

The modern increase of facilities of communication by canals, railroads, bridges, steamboats, telegraphs, and the press, assisting the transfer of merchandise, the travel of passengers, and the free interchange of thoughts between the United States and the Dominion, add to the policy enunciated by Mr. Clay and Mr. Van Buren, a value we cannot estimate too highly. The commercial spirit and resolute enterprise of the Canadians are shown no less by the attractions they have presented to immigration, and the consequent increase of their population, than by the fact that with a population small in comparison with that of many nations in the Old World they already rank as the fourth power on the globe in the extent of their merchant shipping, taking precedence in its extent and quality of all countries except Great Britain, the United States, and Germany.

The aggregate of the foreign trade of Canada in 1872-73 and 1873-74 was about two hundred and seventeen millions, each year, being considerably more than one-sixth of all the imports and domestic and foreign exports of the United States. The aggregate of our foreign trade in 1875 was \$1,219,434,544. If it had been as large as



that of Canada in proportion to the population of the two countries, it would have exceeded \$2,400,000,000.

Notwithstanding the adverse laws in both countries, preventing a free exchange of the products of the industry of their people, thus depriving Canada of her natural prosperity, injuring the business of many of our States, and most seriously impeding the progress of those parts of our country which are near the Canadian frontier, our exports of articles, the growth, produce, and manufacture of the United States to Canada, according to the report of the Treasury Department, amounted in 1873-74 to no less than \$42,505,914, being more than twenty times as large as those to China, whence we draw so large a proportion of our imports, and larger than our exports of a similar character to any country in the world excepting only Great Britain, Germany, and France. Our exports to Canada of goods of foreign origin in the same year amounted to \$4,589,343, and the total trade with her to at least the vast sum of \$85,253,168.

Taking the official statistics of Canada as the test of our exports to the Dominion, the value of our exports was much larger, those entered for consumption there having amounted to \$54,279,749, and our imports to \$35,061,117—the aggregate trade having been \$90,524,000.

In 1874-75 the aggregate of our domestic exports to Canada, as shown in the Report on Commerce and Navigation, including the additions on page 416, was \$49,906,285, and the trade between the two countries amounted altogether to \$86,256,925.

An examination of our exports to Canada shows that her value as an outlet for our manufactures has long been much underrated. This has, no doubt, arisen in part from the fact that we compute the amount of our exports from our own custom-house statistics. These are the best sources we have of information as to our imports, on which accuracy is exacted because they are subject to duty; but there is no such urgency as to our exports. They pass from our side of the lines without much attention from our officers. Modern political economists and statisticians have observed the operation of

the same rule in various countries, and regard it as an established axiom that "the amount of export is always less exactly registered than the amount of import, because with the former duty is but rarely levied." This rule applies with peculiar force to the ordinary data furnished by the official reports of the commerce and navigation of the United States so far as they refer to Canada.

In 1874 the Chief of the Bureau of Statistics asked the attention of the National Legislature to this subject, and in 1875 he repeated his request. He found it impracticable, if not impossible, to obtain full returns of merchandise exported to the Provinces of Ontario and Quebec. Our custom-house returns on the Canadian border are necessarily defective, in part for want of legislation requiring persons exporting merchandise by railway-cars or other land-vehicles, which have long been used in the transportation of merchandise across the Canadian borders, to file full manifests of such merchandise with the collector of the customs as is required in the case of all exports to foreign countries in vessels. It has been found on close investigation into the facts that in both countries the accounts of imports from each into the other are the more accurate, because "the customs-officers of both are constantly on the alert to see that no dutiable merchandise crosses the border without paying its prescribed impost."

Upon the basis thus irrefutably laid down, it is found that the value of articles of domestic production exported from the United States to Canada in 1874 was \$11,424,566, and in 1875 no less than \$15,660,281, in addition to the amounts shown by our own official records. This enormous amount of over \$27,000,000 consisted chiefly of the products of the manufacturing industry of our people, and I desire to direct to it the special attention of those who fancy that an extension of reciprocal trade with Canada would be injurious to the manufacturing population of the United States.

One of the most efficient and beneficial means of protecting our manufactures would be to encourage the demand for them in Canada. Including the amounts given in the statement of the quantities and values of our

domestic exports in the official records of the Bureau of Statistics, and the additions corrected from the reports furnished by the Canadian commissioners of customs, our exports last year, of our own production, to the Dominion, included books and stationery to the value of \$794,846; cotton manufactures, besides raw cotton, \$1,591,844; musical instruments, \$639,027; leather and its manufactures, \$789,428; tobacco and its manufactures, \$1,673,366; refined sugar and molasses, \$1,988,733; manufactures of iron and steel, \$6,833,649, besides other manufactures to the value of many millions. Our imports during the same year from all parts of the Dominion of her staple productions of wheat and flour amounted only in value to \$363,317.

If we can export our manufactures in such large quantities to Canada when impeded by her present tariff, it cannot be disputed that we should increase our sales of them if they were admitted at lower rates of duty, and yet more if they were admitted free of all duty whatever.

The treaty of 1854 provided for a reciprocal trade between the United States and the British North American possessions in certain articles, consisting mainly of the unmanufactured productions of the farm, forest, mines, and fisheries. It was for several years mutually satisfactory, but under the pressure of debt and the need of increased revenue the Canadians raised the duties on manufactured goods to such an extent as to destroy its natural effects in promoting many branches of the industry of our people.

The Legislature of the State of New York passed concurrent resolutions complaining of the tariff thus exacted by Canada, and demanding a revision of the treaty, but expressing approval of the principle of reciprocity and a desire for an extension of its application. It was seen that unrestricted trade between the United States and Canada must be mutually beneficial for the same reasons as make it desirable between New York and Pennsylvania, or any of the other States in the Union.

The resolutions of the State of New York asserted that "free commercial intercourse between the United States



and the British North American possessions, developing the natural, geographical, and other advantages of each for the good of all, is conducive to the present interests of each, and is the only proper basis of our intercourse for all time to come ;” and, in pursuance of the request of the State of New York, that its senators and representatives in Congress should take such steps as would regulate the commerce and navigation between the two countries in such manner as to render the same reciprocally beneficial and satisfactory, I moved in the House of Representatives that the President of the United States should be authorized and required to give notice to the British government that the treaty of commerce then existing, as to the British North American Colonies, would be terminated at the earliest date legally permitted, but that the President should be authorized to appoint three commissioners for the revision of said treaty, and to confer with other commissioners duly authorized therefor, whenever it should appear to be the wish of the government of Great Britain to negotiate a new treaty between the governments and the people of both countries, based upon the true principles of reciprocity, and for the removal of existing difficulties.

The preamble declared that inequality and injustice existed in our present intercourse with Canada, subversive of the true intent of the treaty, owing to the legislation of Canada, after the treaty had been adopted, and that it was desirable that friendly relations should be entertained between the United States and the British North American provinces, and that commercial intercourse should be hereafter carried on between them upon principles reciprocally beneficial and satisfactory to both parties.

A motion to lay the preamble and resolution on the table was rejected by a vote of 76 to 73. Thus the House refused to terminate the treaty unconditionally. A notice simply to abrogate the treaty was voted down, and the preamble which asserted that commercial intercourse between the United States and the British North American provinces should be hereafter carried on between them upon principles reciprocally

beneficial and satisfactory, was adopted; and the resolution would also have been carried if a few members who, together with their constituents, were conspicuously in favor of and especially interested in the utmost possible freedom of exchanges between the two countries, had not been induced to believe that they would obtain better terms by postponement to the next session of Congress. But the postponement was only adopted by a majority of five out of one hundred and fifty-nine votes.

Just before the time for reconsideration arrived the war feeling had attained increased intensity, and the exigencies and temper of the occasion threw all commercial considerations temporarily aside.

Since that time the Canadian tariff has undergone great and liberal changes. Very many of the articles on which we charge duties almost prohibitory are admitted free of all duties into Canada, and her old tariff of twenty-five or thirty per cent. has been reduced to a general rate of seventeen and a half on manufactures, often much less, and can no longer be a subject for complaint for injustice on our part while we charge forty or sixty per cent. We now approach the whole subject under new and favorable auspices.

As the exports of Canada consist chiefly of raw productions of the farm and forest, for which we export little for actual consumption in Canada, the admission of these articles free of duty by each country into the territory of the other is not the most just or desirable form of reciprocity. To place our trade with the Dominion on a satisfactory basis, manufactures also should be admitted free of duty from each country into the other. But to effect this it is necessary that no higher duty should be levied in one country than in the other on iron, silk, wool, and the other materials of manufactures. Without this the country admitting them at low duties, or without any, would manifestly be able to undersell the other if it continued such duty as it might deem necessary for its revenue or prudent for the protection of its labor against the competition of countries under different social and monetary conditions.



The best arrangement of reciprocal trade between the two countries must include more or less the manufactured as well as the raw productions of each, thus giving mutual encouragement to various and differing industries on both sides of the line, and permitting labor in each to adjust itself to the most advantageous employments. The United States have never yet made decisive efforts to secure the benefits thus within their grasp.

If such a system of reciprocal exchanges could be extended to manufactured productions, both countries would assuredly profit. The first effect might seem detrimental to special interests in both, but a natural equilibrium would soon establish itself, producing conditions under which capital and labor would be applied to the best advantage. It would be found what each country can produce better and more cheaply for the other than the latter can for itself, and under such circumstances each would obviously be the gainer by mutual exchanges. It is the nature of trade that it will not long be continued unless all the parties gain by it. Both as producers and consumers the people of each country would profit by such an economical adjustment of affairs.

As many manufactures in both countries are made of materials imported from various parts of the world, it would manifestly be impossible to establish a completely free system of commercial intercourse with Canada, except under duties not only corresponding but also equitably divided on the productions of other countries. This is the chief obstacle to any fair, mutually advantageous, and complete arrangement of reciprocity between us.

If, for instance, wearing apparel, of which we formerly sold large quantities to the Canadians, were included in a list of free exchanges between us and them, without any more fundamental and comprehensive change, Canada, by admitting free of duty wool, or, if she chose, cloth and the other articles used in making apparel, could undersell us so far as to drive us out of our own markets. The principle thus illustrated is applicable to almost all other manufactures. The materials for manufactures of wood, wool, and iron, are already brought into Canada either free of all imports or under nominal duties for the pur-





pose of encouraging cheap production. There is nothing to prevent their being admitted wholly free. Under these circumstances the Canadian manufacturers would have an unjust advantage over those of our own country even in our own markets. On our side we might reverse all this by a lower tariff or a system of bounties. But if the materials of manufacture were admitted on the same terms into the United States and the Dominion, and an equitable distribution made of the revenues, the manufactures of each might safely and profitably be admitted into the other. In fact, with our larger capital and more advanced manufactories we should have an advantage in the competition which would also inure to the benefit of the Canadian people.

Manufactures are not the only form of industry which is worthy of consideration. The interests of our merchants and forwarders, as well as the people of Canada, are seriously injured by the present obstacles to their intercourse. There is a great difference between a bonded system and a system of perfect freedom, as to exports or imports. The annoyances, vexations, and delays necessarily attached to any bonded system are often sufficient in this day of easy communication to turn away business from its natural and best centre. It is also to be remembered that hitherto the Government of the United States has not thought it expedient to refund the duties on the re-exportation of foreign merchandise in less quantities than the original package, thus creating an obstacle, often amounting to prohibition, to the jobbing and retailing of goods.

That the mere adoption of the same rates of duties in the United States and Canada on articles imported from other countries would not be politic, is evident on the ground that customs-revenue is chiefly collected in a few ports, although ultimately paid by the consumers, often in very remote parts of the country.

All these difficulties might be solved by adopting the principles embodied in the Zollverein or Prussian confederacy of the German States, with such modifications as may be found expedient between ourselves and the Canadians. By this course both can obtain all the com-

mercial advantages of union without political entanglement, leaving each country free to practice in its own self-government such rules as it believes to be most in accordance with the genius of its people, and best adapted to promote its own interests.

Previous to the adoption of the Zollverein, it had been the misfortune of Germany to be divided into a large number of independent states—most of them of petty dimensions and small population—every one having distinct custom-houses, tariff and revenue laws, often differing very widely from those of the neighbors surrounding it. Sometimes one part of a state was separated from its other parts, and was as a commercial island encompassed by states having different laws. The condition was such as would have existed in New York or any other of our States, if each of the different counties had been commercially divided from the rest, and the inhabitants of one county could not, without paying heavy imposts, pass into another with a horse, ox, or load of grain, the product of their own farms, or take imported goods into any of the counties adjoining their own, and the difficulty continually increased on passing through additional counties. Thus the inland trade of Germany was subjected to all the restrictions that are usually laid on the intercourse between distant and independent states.

The principle of the Zollverein or customs union is that there shall be entire and unrestricted freedom of imports, exports, and transit among all the states which are its members. The same duties are collected on the outside frontier of the states thus united. Within that line all trade is as untrammelled as within our present Union. An equitable distribution of the revenue thus obtained is made among all the states of the confederation.

The Zollverein is comprehensively defined to be the association of a number of states for the establishment of a common customs law and customs line with regard to foreign countries, and for the suppression of both in the intercourse of the States within the border line. There would be no impediment by discriminating duties on the importations for Toronto if made via New York or Boston. If the merchants of Chicago found it to their in-

terest to purchase at Montreal, they could do so; and buyers from the new province of Manitoba might buy and sell at St. Paul, Du Luth, St. Louis, or New Orleans, as freely as at Halifax or any other city in the Dominion. The merchants of British Columbia would buy and sell in the markets of San Francisco as freely and with as little hinderance as in those of their own country. All means of transit would be entirely open to the people of both countries, and those most conducive to the public welfare would take the trade. Internal revenue laws could, so far as necessary, be made in conformity with the principles of the Union. There could be fair and complete competition everywhere within the confederation, and full scope could be given to the development of natural advantages wherever they would bring profit to the merchant and save needless labor of the people, or yield remunerative employment to them.

The German Zollverein began in 1818, considerably more than half a century ago. Its progress is a sufficient proof of the excellence of the principles it embodies and of the mode by which they are carried into effect. The enlightened state of Prussia was the originator and leader in the movement, by forming a commercial union with a few minor states; the whole population thus included being at first only nineteen millions. The experience of the benefits thus created is so satisfactory, that the best publicists of Europe believe that Prussia thus conferred upon the German people advantages scarcely inferior to those she initiated by the diffusion of education and intelligence. It not only promoted the industry and prosperity of the allied states more than any other measure or sets of measures that their governments could have devised, but it was found that the increase of wealth and population thus arising created an additional demand for foreign products.

Whatever opposition there is to unembarrassed intercourse with Canada proceeds mainly from a fear lest it might revolutionize our tariff or injure our revenue. It is well to remind the alarmists who raise this outcry that such results are no necessary consequence of an American Zollverein. So far as the Zollverein of Germany is a



precedent, such apprehensions are entirely groundless. As Prussia was the largest and most populous country when the Zollverein was begun, her tariff was adopted; and owing to increased prosperity and the consequently increased consumption of tax-paying articles, the revenue of Prussia rose about thirty per cent. in the four years next following the amalgamation of the North German and South German States into one grand union on the 1st of January, 1834.

In 1865 the benefits of the German Zollverein had become so well proved and appreciated, that instead of the three original states or duchies it included fourteen, with a population of nearly thirty-six millions.

The solidity and cohesive power of the Zollverein were decisively tested in the war which began between Prussia and Austria in 1866. The governments of the North German States included in the union sided with Austria, and it was feared that a dissolution of the Zollverein would ensue; but, says one of the historians of the time, the extraordinary spectacle was presented that while "its component parts were waging open war with each other, its custom-house authorities remained in their functions in the general name and received and divided the revenue moneys in the general name, a spectacle which surprised nobody in Germany, but caused general astonishment abroad as something quite incomprehensible. German nationality, and the inner conserving power which animates the Zollverein received hereby the most glorious confirmation."

After the war of 1866, the German States to the south of the river Main, having preserved their independence, were not under any obligation to renew the Zollverein, but preferred to continue members of it. In 1867 a new Zollverein treaty was concluded between the states of the North German Confederation and the North German States, the scope of which extended to the whole of Germany except Austria. Even with Austria a liberal and comprehensive treaty was effected in 1868, mutually reducing duties on both sides and abolishing all transit duties and nearly all those on exports.

A traveller who has crossed the outer line is freed from the vexations of the *douanier* in every part of Germany, and may proceed without interruption from Belgium to the frontier of Russia, and from Tyrol to the Baltic, a distance of seven hundred or eight hundred miles, including a population of seventy millions.

Until the Canadians are ready for annexation to the United States by their own appreciation of republican institutions, no solution of the commercial questions at issue between us and them can be complete except by means of a customs union. I, for one, am not desirous of incorporating in our political union four millions of people who desire a form of government essentially distinct from our own. But it by no means follows that we and they should not mutually develop in harmony our material interests, and regard them and the character of our respective populations as a basis on which such future political arrangements may be made as time may prove to be wise. The quality of grain or lumber and the desirability of selling or purchasing manufactures are utterly independent of the political preferences of the producers or consumers, and on neither side can natural prosperity be promoted by chronic commercial jealousy.

It is evident that the policy I advocate would tend to lessen the hostility of differently instituted governments, while it would not interfere with the political institutions of any, and that a strong bias toward the most friendly relations on other points must naturally arise upon the basis of mutual pecuniary interests and intimate social intercourse.

Meeting upon their own ground the theorists who regard "a balance of trade in our favor" as the chief test of the benefits of commercial exchanges with any single country, I find that, according to the reports of the Secretary of the Treasury, there appears to have been during the thirteen years when a treaty for the reciprocal exchange of grain, lumber, and many other natural productions existed, a balance in our favor amounting to some \$83,000,000, and that ever since the termination of the treaty until 1874, when the pressure on our affairs tended to force sales at low prices, there has been a balance

against the United States in the trade with the Dominion. So much for the present exclusive policy in comparison with the more liberal but incomplete system under the treaty, judging them from the ordinary stand-point of many protectionists.

Since the termination of the treaty the proportion of the trade of Canada with this country in comparison with the whole foreign trade has been reduced from fifty-five to thirty-five per cent., until the necessities of our people compelled them to part with the products of their labor at reduced prices.

The tariff of Canada is moderate as compared with our own; yet, in connection with our taxation of many materials, it is enough to have caused some important branches of manufacture, notably those of wood-screws and musical instruments, to be lately transferred by our own citizens to the other side of the northern frontier, where they are not only established for the supply of the people of the Dominion, but, if we persist in our present course, will undoubtedly at no distant date compete on terms favorable to the Canadians in neutral markets with the products of our own labor on a very extensive scale and in many various manufactures.

While it is desirable to encourage as far as we are able the sales of our manufactures to Canada, it is always to be remembered that the trade between that country and the United States is to a considerable extent one of transit or carrying to other countries, and thus what is called "a balance" against us, which is really an advantage, may exist, because it may merely represent what we have bought from one country to sell at a profit to others. If our merchants buy the bulky productions of Canada to the extent of many millions and carry them through our own country to our sea-ports, they give employment to our laborers, create a demand for the products of our farmers, and cause the expenditure and employment of vast sums of money among our traders and capitalists, while the articles thus carried and exported stand to our credit and profitably swell the balance in our favor in other countries, being at least as valuable in our exchanges with the rest of the world as if they were gold or silver.



The Canadians, understanding the natural operation of the simple laws of business and carrying it into their affairs of state, have, with an enlightened self-interest, attempted to diminish what might by more short-sighted economists be called "the balance in their favor," by admitting our wheat, flour, corn, oats, barley, pease, and many other productions entirely free of all duty. They would like the exchange to be much more—as some of our doctrinaires would call it—"against them." The more of our wheat, corn, and flour they buy, or, in other words, "the larger the balance against them," the more their shipping and canals, and with them their merchants and the rest of their population, prosper. We take the other course, and by way of fancied "protection" levy a duty of twenty cents a bushel on their wheat, fifteen cents on their barley, ten cents on their oats, twenty per cent. on their flour, and from ten to twenty per cent. on their pease.

Under the treaty, the quantities of grain exchanged between the two countries were almost exactly equal. In 1874 our exports of grain and breadstuffs to the Dominion, exclusive of barley, for which we pay Canada a better price than she can find elsewhere, amounted to \$16,477,674, while the imports of the corresponding articles were \$3,473,352, showing what is called "a balance in our favor" of \$13,004,322; our exports of grain and breadstuffs to Canada, as thus shown, being, in consequence of our duties on her products and her exemption of ours, more than four times as large as our imports from her. This "balance in our favor" shows that we expel the trade in certain classes of products from our shipping, railroads, elevators, and warehouses with incalculable injury to all classes of our people, and force it into Canadian channels. This is more fully shown by the official reports of Canada, where it appears that in the same year nearly twenty-one millions of bushels of grain were certainly exported from that country, being between six and seven millions of bushels more than her imports.

Thus we see that the purchases of grain by Canada are for re-exportation, either directly or for such con-

sumption as leaves a corresponding surplus on her own side for exportation. No bonded system regarding grain from Canada can afford such facilities for profits by our merchants, millers, carriers, and others as would arise from free and untrammelled trade in it.

The enlargement of the Canadian canals, with a view yet further to draw away from this country the transit of its own productions, and trade in them, is at the present moment going on, and that on a magnificent scale. In 1855, the year after the treaty went into operation, as soon as routes and markets of the United States were opened freely to the grain, flour, and timber of Canada, the trade by way of the St. Lawrence was \$17,469,528, or not much more than half its amount in the previous year. The decrease was \$15,203,600, and a corresponding amount was transferred to other carriers, for the Canadian trade in the United States increased in the same time \$15,856,624, or from \$24,971,096 to \$40,827,720. In view of these facts, the urgency of removing from those who are employed on our railroads, rivers, and canals the restrictions imposed on them by duties on Canadian grain, and placing them on an equal footing with their foreign competitors, cannot be reasonably disputed.

If we bought from Canada every bushel of wheat that she now exports to other countries, the demand in those countries would remain the same. The difference would chiefly be that after paying for it in the products of our own labor, we should send it or its equivalent to the present consumers, and that we should do the business and make the profits now made by the Canadians. If there should be what some call "a balance against us" with Canada, it would be more than made up through the amounts placed to our credit by our sales to other countries.

Mainly, for those agricultural productions which are not "perishable" and will bear transportation the markets of the world at large regulate our own. The prices alike of grain and dairy products are transmitted by cable and eagerly examined by the dealers in them on this side of the Atlantic. The free admission of these articles into

this country will stimulate industry without reducing general prices, not only through increasing the business of our railroads, canals, rivers, and sea-ports, but by furnishing them to consumers as nearly as possible to the places where they are produced, and by passing them through the hands of the fewest intermediate dealers. There are also many agricultural products—notably animals and fresh meats—which might profitably be exchanged by Canada for our manufactures, thus furnishing an increased and cheaper supply of provisions to our people, who, under the system I advocate, would pay for them in the products of their looms and workshops.

Even as to these articles many errors are current. It appears from the tables published by the Bureau of Statistics that last year our imports described as animals from the British American colonies amounted to \$1,987,231, and those of meats, butter, cheese, poultry, lard, etc., to \$533,886; a total of \$2,521,117. An outcry is raised that our farmers are oppressed by these inundations of provisions. But their amount is little more than equal to our exports of meats alone to Canada. Their amount is no less than \$2,457,904. Of animals, meats, butter, cheese, lard, and tallow only our exports to the same country were \$4,398,060, or about two millions more than our imports.

It would be improper to pass without examination our trade with Canada in coal, an article which is one of the essential elements of manufacturers, and in the North becoming daily more and more one of the prime necessities of human life. It is found in abundance on the sea-coast of Canada, whence it is advantageously exported to the New England States and New York. But it is not found in the interior and well-settled parts of the Dominion. They depend on our mines for a supply, and obtain it, free of all duties, principally from Pennsylvania, Virginia, and Ohio. Anthracite coal is extensively imported into the maritime provinces. Altogether, regarding the subject from a national point of view, our imports of coal last year from Canada amounted to \$697,673, and our exports to her were, as shown by our own returns alone, \$2,034,527. The imports, taking a



series of years, are nearly stationary; but our exports increase enormously, and in the last three years were \$7,272,964, not far from four times as large as in the three years from 1863 to 1867. Under these circumstances any imposition of duty on coal from the Dominion is evidently unjust, favorable only to petty local interests at the cost of important communities and contrary to the spirit in which each part of the Union should regard all the others.

Among our largest imports from Canada, timber is probably on the whole the one most necessary to our citizens. It forms a part of every house in city or country. It is directly or indirectly a part of almost every manufacture, and the cost of the home of every workman in the manufacturing parts of our country depends upon its price. Considered with regard to the tariff and its "protective" character, lumber is unlike any other article. Our iron-ore being inexhaustible, the production of that metal may be stimulated to any extent. The more there is made of it the more can be made. The same is true of manufactures of wool and cotton, or of those articles themselves. Looms, sheep, and cotton plantations can be almost indefinitely multiplied. But, for all intents and purposes, a high price for lumber is not only a tax on the people, but stimulates present production with the absolute certainty of speedy, spendthrift exhaustion of the supply. By duties on Canadian lumber we simply exhaust our resources and pay for drawing what we need from places remote or difficult of access when we might get it easier elsewhere. It would be even more reasonable to dig holes and fill them up again than to indulge in this delusive and extravagant legislation.

There has been a too common belief that by duties on the productions of Canada we make her people pay our taxes. Perhaps the fallacy yet lingers in some minds. The fact that we have destroyed our importations of wheat and flour from Canada, and that she now sends her surplus together with much of our own to other markets, may convince of their error some of those who have imagined she must depend upon us for the sales of her productions. It was argued when the treaty was repealed

and a duty was imposed on Canadian timber, that we should buy it as cheaply as ever. Instead of this consummation, it has been found that our importations became nearly threefold as large as before, and that the prices in Canada doubled, showing clearly that we pay the duty and injure every branch of industry in which northern timber is a material.

The well-known fact is that we are rapidly exhausting our supplies of timber in the Northern States. The demand for it increases at the rate of twenty-five per cent. a year, and even those who are interested in high prices and immediate sales of what is left of it, admit that in twenty years building timber will be extremely scarce, and that in many parts of the country, yet supplied in part from their own soil, it will have entirely disappeared. It is stated on good authority that more than sixty-three thousand nine hundred establishments, employing nearly four hundred thousand persons and using material to the value of \$310,000,000 a year, were engaged in 1869 in manufacturing articles entirely from wood, in addition to more than seven millions four hundred thousand persons partly employed on wood or using that material yearly to the value of \$554,000,000. In some instances, following the example of more experienced nations, premiums are given to those who plant certain areas with forest trees. Yet in the face of all these facts we, under the name of "protection," betray the public interests into the hands of a few monopolists, and condemn our people to pay large rewards for the too rapid destruction of our remaining forests. In considering these facts it is desirable to remember that under a free system of exchanges Canada would be paid for her lumber in the products of our labor.

The value of an extension of trade with Canada is duly appreciated by all thoughtful commercial men. The National Board of Trade passed resolutions and petitioned Congress in its favor. The New York Chamber of Commerce regards it as "specially desirable, on political as well as economical grounds, that all unnecessary hinderances should be removed from the commercial intercourse between the United States and the great Dominion



which borders our northern border for so many thousands of miles," and "strongly recommends the proper authorities at Washington to enter into such treaty stipulations whenever the Canadian authorities may be found ready to meet them on a basis of perfect fairness and equity." The boards of trade in Boston and Chicago, and many other similar associations, have earnestly expressed the same views. Various State legislatures, notably that of New York, have passed resolutions to the same effect. Proof that the importance of the interests involved is fully appreciated, and of a willingness to negotiate, abounds in Canada.

In 1873 the Dominion Board of Trade presented a memorial to Earl Dufferin, the governor-general of the Dominion, expressing a "sincere and cordial desire" that he would "be pleased to make such representations to the imperial government as will procure the appointment of a commission to meet and confer with a similar commission on the part of the Government of the United States, (if such commission has been or shall be appointed,) for the purpose of framing and negotiating such a treaty of reciprocal trade as will be for the mutual advantage and benefit of the trade and commerce of the Dominion of Canada and the United States." The Canadian minister of customs, the privy council, and the governor-general fully concurred in these views, and the governor, in council, formally promised that "should the Government of the United States comply with the wishes expressed by the National Board of Trade, the subject will receive the fullest consideration of the government of Canada." There is good reason for believing that no change has been made in their views.

During the present year a leading member of the Dominion Board of Trade, at its annual meeting, expressed the general sentiment of those who were present by saying, "We are anxious to deal fairly and liberally with our neighbors, and on condition that they meet us in a liberal spirit." A resolution was passed, declaring "That this board is of opinion that it is very desirable that a treaty of reciprocity in trade with the United States, on a comprehensive, liberal, and fair basis, should be ob-



tained; and is also of opinion that the initiatory steps thereto ought to come from the Government of the United States, seeing that it was by their action that the old treaty was abrogated." Thus there is ample proof that commissioners would be promptly appointed to meet and confer with our own.

While we have now in Canada a most valuable and increasing market for our manufactures, it is quite certain that its continuance depends on the duties levied by the Canadian tariff. A large proportion of the manufactures we export so extensively to the Dominion, conspicuously those of iron, copper, brass, lead, cotton, etc., are admitted free of duty or at almost nominal rates of five or ten per cent., and those charged at higher rates than seventeen and a half per cent. are few in number and insignificant in quantity. The Canadians have it in their power, and it could be no just cause of complaint by us, to adopt our own scale of duties. The effect of such a step could not fail to inflict serious injury on our manufacturers, many of whose products would soon be excluded from the Canadian markets, which it is for our interest to open yet more widely.

The importance of our present and future commercial relations with the Hawaiian Islands has been ably discussed. I have not under-estimated nor will I now depreciate it. But it shrinks into seeming insignificance in comparison with the value of the trade between the people of the United States and Canada. In the same year when our exports of cereal productions to the Islands amounted to the value of about \$45,000, those to the Dominion were of the value of over fourteen millions, our exports of cotton and its manufactures to the Islands were about \$16,000, and of iron and steel, including wooden ware, were nearly \$20,000, while those of the same classes to Canada were over one million one hundred thousand and over six millions, respectively, exclusive of woodenware. The exports I have specified to Canada are exclusively of our own production, the aggregate of which to Canada was about ninety times as large as that of all our exports to the Hawaiian Islands during the same time. Without pursuing the comparison further it is absolutely

unquestionable that, if our commerce with the Hawaiian Islands is worthy of special attention, that with the Dominion of Canada is almost immeasurably more so; and the comparison loses nothing of its force either commercially, politically, or in a military point of view, if we consider the limited area of the Islands and the vast territory of the Dominion coterminous with our own, to be inhabited by people sprung from ourselves, or, like ourselves, from the foremost nations of the Old World and whose number will be computed by hundreds of millions.

While the moderate rates of duty exacted by the Canadian tariff enable us to make large exports of manufactures, they also permit goods from other countries to be imported on the same terms. Silks, broadcloth, plate, watches, jewelry, etc., are charged with a duty of only seventeen and a half per cent. The boundary between the two countries not only extends across the continent, but the shore-line is increased for thousands of miles by innumerable bays, affording great facilities for defrauding the revenue. At other places a smuggler can go in the day or night from one side of the frontier to the other laden with jewelry, laces, or other expensive goods literally as easily and with as much security as a traveller can pass from one farm to another or through the unbroken forest. It is stated that stores, kept by enterprising merchants, are built on the imaginary or mathematical line separating the two countries, and that goods bought in each are sold freely to all customers; the merchandise itself changing places from the shelves on one side to those on the other at those hours and opportunities when it is impossible for a custom-house officer, however vigilant, to watch what may be done inside the building. No wonder then that the Secretary of the Treasury should have found "the difficulty attending a proper surveillance of our northern frontier" of sufficient importance as to direct special attention to it in his last report as being "under existing circumstances very great, if not in some respects insurmountable." To guard these lines with moderate security an enormous increase of the revenue service would even now be absolutely indispensable. In the four collection districts of

Vermont, Champlain, Oswegatchie, and Cape Vincent, having a frontier line of more than three hundred miles, after deducting for a few officers employed in permanent service at the principal ports and minor stations, "there remain," says the Secretary of the Treasury, "but fourteen as a preventive force, or less than one man for every twenty-one miles of frontier."

As the frontier regions become more populous and goods brought from one country to the other meet with readier sales, these difficulties will be incalculably increased, and it will be absolutely impossible to prevent immense quantities of valuable goods from being illicitly brought across the line without payment of any duty.

In addition to these suggestive facts it is to be remembered that some of the most liberal and advanced statesmen in Great Britain, not content with the present anomalous relations of the mother-country and the colonies, entertain the project of a Zollverein or customs-union between them. The people of these countries have as undoubted rights to free trade with each other as the citizens of our different States now enjoy among themselves.

But, if the difficulties attending our present tariff are now "in some respects insurmountable," what would they become if the same freedom of trade as exists between the States of the Union were also a matter of fact between the different parts of the British Empire? There is no complete remedy but such a customs-union as I have suggested between the United States and the Dominion.

In proposing the appointment of commissioners to confer with other commissioners duly authorized by the government of Great Britain, or whenever it shall appear to be the wish of that government to appoint such commissioners, to investigate and ascertain on what basis a treaty of reciprocal trade for the mutual benefit of the people of the United States and the Dominion of Canada can be negotiated, and to report the results of their investigation to the President of the United States, there is no bias toward any special form of reciprocity. They may or may not approve of such a customs-union as



under existing circumstances seems to me the best and only perfect solution of the embarrassments attending the present commercial relations of the two countries, as it would effect a great saving in the revenue service, abolish smuggling, give complete freedom of transit to the people on both sides, and by a continuous and harmonious development of their resources encourage social intercourse and prepare the way for whatever other institutions their intelligence and mutual good-will might hereafter suggest and approve. But between such an arrangement and the present condition of trade there are many intermediate steps. It ought not to be difficult to agree upon the basis of a common tariff on all articles, such as silks, laces, brandies, wines, jewelry, etc., the importation of which is taxed only for revenue, and in regard to which no irreconcilable differences of politico-economical theory arise, or to determine the terms of equitable division of the revenue collected from them in common. If this only were done, the most extensive smuggling from which the revenue of the United States suffers would be stopped, and our own public Treasury would be the gainer by many millions. Some at least of the manufactures and raw products of each country could be admitted to free exchange with those of the other.

Beyond these considerations, or rather as their basis, are the plain and well-known facts that the prosperity of our people and our strength as a nation depend upon their unrestricted exchanges of the products of their labor more than upon any other material cause, and that the relative positions of the United States and the Dominion render similar commercial relations no less valuable to our citizens and the Canadians; that if permitted to develop themselves harmoniously, according to the unrestricted wishes of the people, the mutual interests of the two countries are even more important than those of many of our own States, and that whatever would directly benefit so large a number of them must be profitable to them all and should be desired by all.

Whatever arrangements may be made might properly include various regulations necessary for the freedom and convenience of our commercial and social neighborhood.

and intercourse, such as a uniform system of extradition, light-houses, copyrights, postage, patents, telegraphs, weights, measures, and coinage.

The principles I am desirous of seeing brought into active use are simply those expressed nearly a century ago by Girard, Franklin, Deane, and Lee in a treaty of commerce between France and the United States, in which they, on the part of this country, agreed to avoid "all those burdensome prejudices which are usually sources of debate, embarrassment, and discontent," and to take as the "basis of their agreement the most perfect equality and reciprocity," "founding the advantage of commerce solely upon reciprocal utility and the just rules of free intercourse." Thus all petty, acrimonious debates as to whether one party would make more or less than the other would cease. All would be merged in considerations of plain and palpable benefit as far as it is between States and individuals in the Union.

It is undeniable that the Government and people of Canada are desirous of meeting in a friendly and liberal spirit whatever efforts we may make toward extending our trade with them. Thus apparently the means of benefiting a large and suffering portion of our population are open to us by giving them employment through an extended market for their productions. How much this is needed may be estimated from the statement of the Secretary of the Treasury in his annual report, that our domestic exports to all countries decreased in value \$70,149,321 last year. By opening trade with Canada, we should also furnish our people with a more abundant supply of the necessities of life and some of the materials for manufactures. The purpose of the resolutions now under consideration is simply to ascertain, after full and careful investigation by intelligent citizens of the United States, how far and through what measures we can best bring into actual practice the opportunities which are placed within our reach by the circumstances of the times and by immutable nature, or rather by Providence itself.

# COMMERCIAL RELATIONS WITH CANADA,

AND THE

EXTENSION OF MARKETS FOR OUR PRODUCTIONS.

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HOUSE OF REPRESENTATIVES, February 1, 1877.

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The demands of the electoral count and appropriation bills upon the time and attention of the House in the second session of the Forty-fourth Congress probably prevented the appointment of commissioners on behalf of the United States to confer with commissioners on behalf of Canada, to ascertain on what terms a mutually beneficial treaty of commerce between the two countries could be arranged. The suggestions made by Mr. Ward in his speech during the previous session had been warmly approved by the National Board of Trade, the Dominion Board of Trade, and many leading commercial bodies in the United States. The House permitted him to present his closing arguments, in which the natural commercial relations of the United States and Canada are demonstrated, the modern policy of Great Britain toward her colonies is stated, the most recent statistics are comprehensively presented, the benefits of mutual international profit are recognized and illustrated, and "that short-sighted view—the most pernicious and perhaps the most common of all political errors—that the gain of one man or nation must be the loss of another," is refuted.

MR. SPEAKER: To those who regard our commercial relations with Canada comprehensively and in a national spirit, without undue bias from minor matters of merely local or special interest, it is sufficient for me to point out the respective geographical positions of the United States and the Dominion, and the extent of the latter country. A straight line drawn from the northern boundary of Maine, near the headwaters of the St. John's River, to Detroit, would pass entirely through Canadian territory. We are enabled more clearly to estimate the extent of this line, which is small in comparison with our



northern frontier, when we see, as we may on reference to any map of this continent, that if continued for the same length onward from Detroit into the United States, it would reach a considerable distance southerly from the place where the Arkansas River flows into the Mississippi, and that if extended directly south from Detroit it would reach nearly to Tallahassee or the Gulf of Mexico.

Regarded from another point of view, it may be seen that the part of the Canadian territory south of a line drawn from the northern boundaries of Maine and Minnesota would exceed in breadth the States of Ohio, Indiana, Illinois, and Iowa, and would be equal in area not only to those States, but in addition to large portions of Nebraska, Missouri, Kentucky, Kansas, and Arkansas. A country of these vast dimensions, and under alien commercial laws, exists between all the New England States, New York, Pennsylvania, and Ohio, on one side; and Michigan, Wisconsin, Minnesota, and all the regions west of them on the other. An equal area extended southerly would, with the exception of a few miles, separate by a broad barrier all our territory north and east of any point on the northern shore of the Gulf of Mexico from all those parts of the Union which are northwest of it. What commercial advantages would not each State lose if Georgia, the Carolinas, Virginia, and Pennsylvania were thus widely separated from Mississippi, Missouri, and all that part of the United States west of them, and deprived of full and free commercial intercourse with the intervening region? The country thus separating these various States, if commercially isolated as far as Canada now is, would not only cease to be so vast a source of permanent and honorable profit to the other parts of the Union, but would itself, by its isolation, suffer in a greater proportion than the others. Such is the mutual injury continually inflicted on the people of both countries by the obstacles to the free exchange of the products of industry in the United States and Canada. The evil results would be more conspicuous than those of the imaginary condition I have endeavored to describe if the benefits of untrammelled commercial intercourse had ever been enjoyed. If to that part of Canada which alone I have brought

under consideration we add the important maritime provinces of New Brunswick and Nova Scotia, and Manitoba, and the immense territory of the northwest interior and on the Pacific coast, the loss mutually sustained is seen to be yet more vast and to be continually increasing.

Many considerations demonstrate the importance of mutually free imports, exports, and transit throughout the United States and Canada. Not only does our warmer climate enable us to produce many articles not easily or profitably grown in Canada, yet necessary for the comfort of her people and for which she can give us valuable exchanges needed in the daily life of our citizens and as material for the manufactures we export, but our rivers, railroads, and canals are the only direct means she has of communicating with southern regions, while unfettered transit through her territory and the perpetually free navigation of the St. Lawrence are conspicuous wants of the Western and Eastern States. The people of Canada sprung from the same nations of Western Europe as those whence we derive our origin, have all the characteristics of a commercial, enterprising, and progressive nation, however its manifestations may have been retarded by isolation from the remainder of the continent, and, favored by the resources of a new and broad territory, their products and exports are of greater value than those of a population of equal number, but of any other race in the world. Already, though with inhabitants numbering less than one-twentieth part of those of Russia, Canada, yet a colony or possession of Great Britain, occupies the fourth if not the third rank among the nations of the world in the magnitude of her commercial marine. In the general education of the people, modern Canada is unsurpassed. Separated as they are by the Atlantic and Pacific Oceans from the nations of the Old World, and enjoying the yet slightly developed advantages of their country, their rates of the wages of labor are on the whole not widely different from our own. From the greater part of the Canadian settlements, and at an average cost not far if at all exceeding that of the wages of an artisan for a single day, a man may come to the United States where he can earn such wages as are

paid here and enjoy the advantages of republican institutions. In addition to these considerations, Canada is on the whole a forest and farming country, ready not only to sell us many of the bulky articles we need for common use or for exportation, but also to receive in return those manufactures of which under the policy we have adopted we have a large surplus, and for which we have not yet found sufficient markets.

It has followed as a matter of course, from the relative positions of the United States and Canada, and the distance of both from Europe and Asia with their dense populations, that their commercial relations have engaged the attention of the most sagacious statesmen and merchants of our country from the beginning of its history to the present time; and the advocates of the most liberal and intimate system of exchanges with the Canadians have been confined to no party, but have included in their number protectionists as well as free-traders. The advantages which, under a system of just and fair reciprocity, our own citizens and the people of the Dominion would mutually give and receive are at least, in proportion to their respective populations, as valuable as those which any States or groups of States confer upon each other by the unlimited freedom of trade between them, and these benefits are among the greatest derived from the Union, and are the strongest bond for its preservation and perpetuity. The barriers to intercourse between our citizens and the Canadians are wholly artificial, the results of human law, and can easily be removed by mutual agreement and appropriate legislation.

During the last twelve months the chief mercantile bodies throughout the Northern States have passed resolutions earnestly in favor of the motion now before this House for the appointment of commissioners by the United States and on the part of Canada, through Great Britain, to inquire and ascertain by mutual investigation and conference how far it is practicable to extend our commerce with the Dominion.

In the States upon our northern frontier the advantages of an extension of our trade with Canada are, with perhaps a few local exceptions, highly appreciated by all



thinking commercial men. A more complete system of the exchange of the products of labor between the two countries is warmly desired by the people of New England at large—a sufficient proof that it would not injure our manufactures, but would inure to their benefit. The close contiguity of New England on her northern and eastern boundaries to Canada gives her people ample opportunities for judging accurately as to the practical effect of reciprocal trade; and the intelligence and habits of shrewd and careful calculation prevalent in New England give assurance that her chief men of business are reliable authorities on this subject. Their views, as presented by one of the leading members of the Boston Board of Trade, and in substance applicable to nearly all the Northern States, are unequivocally that New England is greatly interested in the question of reciprocity. Her people depend largely for their success and subsistence upon being able to manufacture as cheaply as they can. They think, and none can contradict them, that the prime necessities of life, fuel and food, should be supplied to their laboring-men at the lowest practicable cost.

The citizens of New England, knowing that between them and the Canadians there are no barriers except those of an artificial nature, regard their neighbors in the provinces as their natural or legitimate customers. The representatives of the Boston Board of Trade assert that the people of Massachusetts are deeply impressed, as many others are in all parts of our country, with the fact that difficulties and depreciation are besetting every branch of industry. These formidable disasters are not confined to their great cities, but even in the small manufacturing towns also are found people seeking for work, and the general cry is, "It is our trade relations that are wrong and unsound; what have you to suggest to lift us out of this slough of despond?" The most obvious remedy for all this distress is to increase the sales of manufactures to our neighbors and the supply of raw materials from them.

The chief commercial associations in the city and State of New York substantially and emphatically concur in the views presented by the Board of Trade. The people

of that State, like those of every other commercial and manufacturing part of the Union, suffer by the exclusion of Canadian products from our markets and the restrictions upon the exportation of our manufactured articles of foreign origin to Canada. Through duties on Canadian grain, we cut off an enormous trade which would naturally, and with mutual benefit to the people of both countries, pass through our territory, paying freight to owners of our railroads and canals and giving work and wages to vast multitudes of men now in need, and adding to the profits of our shippers and merchants, besides, through increased employment, enlarging the demand for the agricultural and other products of the regions through which they pass. What in these respects is true of the city and State of New York is also true of Philadelphia and Baltimore and the States of Pennsylvania and Maryland. The latter, more remote from Canada, have not so clearly perceived the advantages of being enabled, with fewer or diminished impediments, to sell to her the products of their workshops or their imports from Europe and the regions of the tropics. Railroads, now giving such easy access from Baltimore and Philadelphia to the interior of the continent, have placed within their reach new advantages as regards trade with Canada which they do not yet adequately appreciate, but are already of much importance, and will continue to increase for centuries to come.

It is not surprising that the merchants and manufacturers of New England estimate at its real value an extension of trade with Canada, a country not only contiguous to their own for many hundreds of miles, but for a considerable distance intervening between their territory and the ocean, and so near to them that a man may stand with one foot on each side of the dividing line. Yet as Canada is no mere eastern province, but extends across the continent from the Atlantic to the Pacific Ocean, and the best and most fertile parts of the Dominion are in the interior, her trade is no more important to New England than to any other part of the Union. While sugar or coffee, if sent by the Saint Lawrence route and through Quebec and Montreal to Toronto, must be carried



more than three times as far as if sent via New York, and at an enormously increased expense, the same causes operate constantly and must ever continue to do so with regard to Baltimore, Philadelphia, New Orleans, and all other southern ports in connection with Western Ontario, Manitoba, and other inland regions of the British possessions. If such a continental system as I desire to see should be established, no cities would feel its stimulating influences in greater force than St. Louis and Chicago. The latter perhaps would be its heart and centre.

I have endeavored to present the facts in the most simple form. As the resolutions I offer in regard to them have been approved by the various local commercial bodies of the United States to which they have been presented, from Chicago and Milwaukee to Boston, without partisan considerations, and, as far as I know, without any dissentient voice, so also were they unanimously recommended at the last meeting of the National Board of Trade, an association which attracts to its councils leading merchants and manufacturers from all parts of the Union. It includes alike among its members free-traders and protectionists. Several of the latter took special pains to state in explicit terms and the strongest language that they were "protectionists from the soles of their feet to the crowns of their heads," but they all without an exception advocated the unequivocal and entire adoption of the resolutions now before the House in favor of reciprocity with Canada. The opportunities of gaining immense business advantages for the people of both countries are too open and manifest to be successfully or candidly denied by any one who in a patriotic and national spirit has made any fair examination of the subject. It is entirely a matter of business, partly in those details with which merchants are most conversant, and extending also into those more extensive principles and arrangements which are based on the broadest and most comprehensive considerations of statesmanship. The resolutions simply provide that a few sensible, practical men, the best we can select on our side, shall meet others of the same character appointed on behalf of Canada, and ascertain how far the mutual interests of the people of both coun-



tries can be advanced. It is certain that if we are true to ourselves we can furnish citizens who will prove the equals of the representatives of the Canadians in knowledge, skill, and sagacity, and will report to our people whatever good can be derived from circumstances so favorable. Their suggestions will be submitted to Congress and the country, and will be of no avail unless they obtain the approval of the national legislature and the enactment of appropriate laws. The issue is not, as some seem to think it must be, which side can take the most shrewd advantage of the other, but how far the natural and gratuitous bounties offered by Providence to the people of both countries can be best developed for their permanent and mutual benefit. The resolutions go no farther than this. They do not aim at carrying into effect any special theory. The commissioners intended to be appointed would enter upon their inquiries and consultations without any undue bias and with the whole field of investigation and conference open to them. There are no commercial barriers between the two peoples except those which are created by man, and can be removed by mutual agreement and legislation.

The question is, in brief, whether with a coterminous country, inhabited by people almost identical with ourselves in education, language, origin, and character, and where wages, controlled by the necessary demand for labor in a new country with vast undeveloped resources, do not differ much from those given and received in the United States, we cannot profitably enlarge the exchanges of our products. The arguments of those who oppose the resolutions are and must be founded on local and petty interests. Carried to their logical conclusions, they would prove that it would be better for us if an open sea existed on the north of the United States instead of a fertile country with a population scarcely surpassed in intelligence, enterprise, and industry by any on the face of the globe.

During the last session of Congress, a treaty for the reciprocal extension of trade between the United States and the Hawaiian Islands was approved by Congress, and it has now become part of the laws of the land.

Although its advantages were in some degree local and accrued primarily and chiefly to the benefit of the Pacific States, the welfare of each State is so essentially an integral part of that of the whole Union, the material gain derived by the people at large from the prosperity of each State is so great and manifest, that I gave the treaty my warmest support. It provided for a not unimportant extension of the demand for our manufactures.

Several military and political considerations also prompted me to advocate the measure. Their weight was duly appreciated by many of an opposite political party, who hold what are called protectionist doctrines, but perceived that they did not apply to the case then under discussion. It should be gratifying to every good and thoughtful citizen that, so far as a few small and remote islands in the Pacific Ocean are concerned, the interests of our suffering people were not neglected, and that such legislation was adopted as is likely to create an increased demand for the productions of their agricultural and manufacturing labor, and, in the far-distant future may confer naval and military advantages on the United States.

From every possible point of view our relations with the Hawaiian Islands shrink into absolute insignificance when compared with those between the United States and the Dominion of Canada. Every military, naval, and commercial reason for which it is desirable that we should cultivate intercourse with the far-off islands of the Pacific applies in a different form, but with incalculably increased force, to our connections with our next-door neighbors on the north. The Hawaiian Islands are distant some three thousand miles from that part of our country which is nearest to them. Canada is so near to us that for many thousands of miles her territory is separated from our own only by an imaginary or mathematical line, and a man may stand at his ease in each country simultaneously. This contiguity extends, not in a straight line, but with indentations nearly doubling its length, from one side of the American continent to the other at the broadest part of our broad land. Where our countries do not thus touch each other they are separated

only by lakes and rivers, which in some respects furnish increased facilities for intercommunication. At various points railroads cross the boundary, thus binding the people together, if not with links of steel, with bands of iron. It would have been unwise to overlook the benefits which will accrue to us from the treaty with islands "in the ends of the earth;" but who can say how much greater folly and injustice we commit toward our own citizens by an illiberal and exclusive policy toward the millions whose homes are close to our own?

It was argued, and I do not disparage the force of the reasoning, that if we did not enter into a friendly commercial treaty with the Hawaiian Islands they would pass into the hands of some foreign power, and thus our influence would be weakened, and, in case of war, expeditions against us might be fitted out from the Islands. Canada is under the sovereignty of that nation which, by means of her vast naval power, might, if war arose, be our most formidable antagonist. The population of the Dominion, already greater than that of this country at the time of the Revolution, will not only, as the settlement of the vast northwest increases, be as large as that of this country now is, but be computed by the hundreds of millions, and be far more nearly equal to our own in the future than is now usually supposed. It should be unnecessary to dwell longer on this part of the subject. Regarded simply as a matter of military policy, the friendship of Canada is not only more important to us than that of the Hawaiian Islands, but of any other power whatever on either side of the Atlantic.

From the same causes which render our relations with Canada more important than those with the Hawaiian Islands in a military point of view—her contiguity to the United States, the extent of her territory, and the character of her population—the almost incomparably greater value of her trade to us in the future is also demonstrated. The comparison of the trade of the two countries with us at present admits of an approximately exact arithmetical proof. In the last calendar year of which at the present time we have any authentic commercial record, our exports to the Hawaiian Islands



amounted to \$783,561, while those to the British North American Colonies during the fiscal year corresponding most nearly with that period were nearly fifty times as large, having been at least \$38,296,531. Our exports to Canada included grain and flour to the amount of nearly twelve millions of dollars; of animals and their products the amount was \$4,398,060; of raw cotton, \$556,340; of coal, over two millions, and of timber, \$541,151. Our manufactures exported to Canada included cotton goods to the value of \$673,031—nearly as much as all our exports to the Hawaiian Islands added together; glassware, \$416,708; manufactures of iron and steel, \$3,377,913; and of wood, \$1,376,611. These are all our own manufactures, exclusive of commodities of foreign origin. Altogether the value of our own manufactures exported to the Dominion, exclusive of coin and bullion, in the fiscal year 1875, was, as shown by our own reports, \$10,197,580. Doubtless the actual amount was much larger, the accounts of exports being, probably in all countries, less accurately kept than those of imports. In the fiscal year of 1876 the aggregate of the imports of all kinds to the Dominion from this country was no less than \$44,093,073, of which more than half were admitted free of all duty whatever, and the remainder at duties which, compared with those we exact on similar productions from Canada, appear insignificant. They far exceed those imported into Canada from Great Britain, or any other country, and yet the duties collected on imports from Great Britain exceed those collected on imports from the United States by nearly one-half.

In specifying the amounts of several of our productions and manufactures exported to Canada, I have adhered to our own accounts, but as may be seen on reference to the report of the Chief of the Bureau of Statistics on commerce and navigation for 1875, and the report on the finances for 1876, it is almost if not quite impossible to obtain full and accurate statements of our exports to Canada from our own authorities. The chief defect is that railroad cars and other land vehicles passing into adjacent territory are not required to file lists or manifests of lading similar to those required from ves-

sels clearing for foreign countries. Hence our own returns inadequately and grossly misrepresent the real value of our exports to Canada. As duties on many of these articles are collected in Canada, accounts of them are more strictly kept in that country, although even there, owing to smuggling and undervaluations, they doubtless fall short of the real amounts. It is shown by the official statements of the Commissioner of Customs of the Dominion, that the value of articles produced in this country and exported to Canada, but omitted in the returns of our custom-house officers, was, in 1874, \$11,424,566; in 1875, \$15,596,524; and in 1876, \$10,507,563. Most of these exports consisted of manufactures of cotton, wool, iron, copper, etc. How far our own reports, considered by themselves, are likely to mislead, may be inferred from the fact that to the amount of our exports of cotton manufactures in the year 1875, which was \$673,031, according to the returns I have already quoted, should be added \$918,813—making a total of \$1,591,844; and to \$3,377,913, the value of our manufactures of iron and steel exported to Canada, as shown by our own reports, should be added no less than \$3,455,736, altogether \$6,833,649 in this branch of manufactures alone. Similar proportions may be observed as to other exports, but it is needless to multiply details. It would be useless to argue further with those who do not see that such a market for our manufactures should receive attention and encouragement from every true friend of the people.

Surely it is needless to urge that, if the Hawaiian treaty was worthy of approval by a triumphant majority, better opportunities of extending our commerce and beneficent influence nearer home and on an enormously larger scale should not be neglected. I regard it as an auspicious omen that so large and influential a portion of the party in power, visiting in imagination the genial climes of the Hawaiian Islands, should have overcome the theories and prejudices through which more important subjects are mistily regarded, and, so to speak, have picked up a shell "on the shore of the great ocean truth." Remembering some of the advances made in physical science since the great philosopher so modestly described



his own merits and discoveries, I regard the Hawaiian treaty as a precedent fraught with great advantages to the agricultural, manufacturing, and commercial interests of all parts of our country. I trust it will be the means of directing public attention to practical and easy, because mutually beneficial, methods of adjusting affairs with our neighbors, both North and South. As far as an extension of our trade with them can be carried into effect it cannot fail to be profitable to all parties to the arrangement. Our policy should be not to tax our own citizens to pay others for entering into our Union and enjoying its advantages, nor to incorporate with ourselves alien countries whose people are not in harmony with the spirit and requirements of our institutions, but simply to extend our commercial relations with them. We should thus acquire the chief benefits of actual ownership without its disadvantages. It is a necessary counterpart of the Monroe doctrine, prohibiting the interference of the Old World in the internal affairs of this continent, that we should study to promote the interests of the other American States and extend the exchange of the respective products of their labor and our own.

How vast the beneficial commerce between the United States and the Dominion might by this time have become if, instead of merely abrogating the former treaty, we had endeavored to improve it, or substitute for it one of more perfect reciprocity, we can now only conjecture. Practically for the time we threw aside its lessons. By others they were heeded and yielded abundant fruit. During the visit of Richard Cobden to this country in 1860 his attention was pointedly directed to the treaty then in operation between us and the Canadians. Whatever objections he entertained to such measures were fully removed by M. Chevalier, who represented the interests of France. The result was the memorable arrangement between England and France, which was speedily followed by similar treaties between other countries, and not less than fifty or sixty in number. It is the custom with a certain class of theorists to represent that in the negotiations between England and France the former was the victor and the latter a dupe. In fact both countries



gained enormous advantages. Thence a friendship arose between the two nations which is warmer and probably more durable than has ever existed at any other period of their history. Among the causes which have contributed to the marvellous recuperation of France and the welfare of her people none has been more powerful than her commercial treaty with England, her largest and most profitable customer, with whom her trade is nearly twice as large as with any other country, and more than four times as large as with the United States.

The exports of France to Great Britain and Ireland in 1858 amounted to about thirteen millions of pounds sterling, and in 1875 to nearly forty-seven millions. The exports from Great Britain and Ireland to France increased during the same time in a smaller ratio, or from nine millions to twenty-seven millions. Tried by the protectionist theory of what is sometimes called "the balance of trade," France has enormously the advantage, but only so far as her customers in Great Britain and Ireland are enabled to buy cheaper from her than they can buy elsewhere. The late Emperor Napoleon fell in a manner likely to drag down with him any cause that he had espoused, and M. Thiers, the chief statesman who succeeded him, was at least as decidedly against the treaty as the emperor had been in its favor. But the truth of its benefits had grown plain and palpable, the interests it served were too numerous and powerful to be subverted, and M. Thiers was reluctantly compelled to yield to them.

Notwithstanding the obstacles we have so long interposed, our trade with Canada in 1875 amounted to over \$78,000,000. According to the most reliable statistics, taking the imports into each country from the other as they are shown by the records of its own custom-houses, the trade between the two countries in 1874 and 1875 averaged more than \$90,000,000 in each year. Our exports to Canada alone have for many years been four or five times as large as to Russia, and much larger than those to any other country in the world, except only Great Britain, France and Germany. In the opinion of many who are best qualified to judge on the subject, this vast aggregate of our exchanges with Canada, each representing a trans-

action mutually beneficial to some of the people of both countries, would soon be doubled if the existing restrictions of the custom-houses on both sides of the frontier could be removed. Is this prospect, or are the facts as we now find them, to be thrust aside as if of no moment in the present depressed condition of our trade and manufactures? Year after year the plight of our laboring men throughout the country, and especially in the regions dependent upon manufactures and commerce, has grown worse and worse. Year by year since 1872 the attractions presented to the laborers of Europe have sensibly diminished, until, in the last fiscal year, the immigrants to our shores were less by nearly three hundred thousand than they were four years ago, the actual reduction within that time having been from 437,750 to 169,986. These newcomers go, it is to be supposed, to friends who are ready to receive them chiefly in those parts of the country least affected by the prevalent distress.

We are all familiar with the accounts of unparalleled and increasing destitution among our own working population. Let not repetition dull our minds so that we cannot see, nor steel our hearts so that we cannot feel the force of facts so often told and so well authenticated. In some of our largest cities the present is the third winter when two-thirds of the unskilled laborers have been unable to find employment. Multitudes of temperate, industrious, and well trained mechanics, and of young women with honorable independence of character and sensitive about receiving charity in any form or shape, have lost all hope, and in the depth of destitution and despair are begging to be saved from lingering death through hunger by being sent to places intended for the reception of vagrants and criminals.

During the seventeen years through which the party yet remaining in power has held the reins of Government, there has been a conspicuous and complete neglect of all the chief means for restoring prosperity to our people. The return to specie payments has chiefly, except when it has been prevented by legislation, been left to the slow progress of natural laws of finance. Nothing, if we except the reduction of wages and the increased destitution



of our laborers, has been done to promote ship-building and give us again our former commercial eminence and prestige on the ocean. Except in the minute and peculiar instance of the Hawaiian Islands, nothing has been done to extend the markets for the production of our fields and manufactories. In view of the present widespread misery we who are placed here to frame laws for the benefit of the people shall be worthy of the most severe condemnation if we neglect to give our best attention to such enactments as will yield food and work to the suffering masses. Among the most obvious of these measures is such an extension of our trade with Canada as will yield us a larger amount of grain and other necessities of life, increase the use of our leading thoroughfares in the North, and enlarge the outlets already existing in the Dominion for our manufactures. We see that the opportunity is open to us in the relative geographical positions of the two countries, and that even under the present restrictions the exchange of the products of labor between them is enormous. We have also reliable assurances in the settled, firm and stable character of the Canadian government and people, and their frequently expressed desire to ascertain by mutual conference with us how far our commercial relations can be emancipated and extended. This desire has been repeatedly shown in the newspapers of Canada, the resolutions passed by her boards of trade, and the authentic and official statements of her government itself.

The Dominion Board of Trade at every one of its meetings has expressed an earnest and intelligent desire for an extension of trade with us, and in every instance has coupled the expression of the desire with that of a belief that the first official proposal for it should come from the Government of the United States, offers made by Canada having been regarded with so little attention on this side of the frontier. A leading representative of Canada, at the meeting of our own National Board of Trade in New York last summer, reiterated these views, and no doubt uttered the general sentiment of his countrymen when he confidently assured his hearers that if Congress should adopt the resolutions now before this



House for the appointment of commissioners, the Canadian Government would "likewise appoint a commission, and we should for the first time since the abrogation of the old treaty have business men to sit down together, talk the matter over fairly and squarely as a practical question, deal with all its difficulties, and, if possible, bring about a treaty which will be mutually satisfactory to both countries." The Canadian minister of customs, the privy council, and present governor-general have at different times fully concurred in these views, the governor-general himself in council having formally promised "that should the Government of the United States comply with the wishes expressed by the National Board of Trade, the subject will receive the fullest consideration of the Government of Canada."

At the time of the abrogation of the old treaty there was much just reason for complaint of the illiberality and unfairness of the Canadian tariff on many of the productions of the United States; but all that has now been reversed. We impose on all kinds of Canadian grain and flour a duty so heavy as to be nearly prohibitory, with the single exceptions of barley and some peas, for the production of which the soil and climate of Canada and the habits of her farmers, or all these causes combined, are especially favorable. Nearly all the articles admitted into Canada free of duty under the old treaty are now admitted there free of duty, while on our side they are heavily taxed. Although Canada is an integral part of the British Empire, all the manufactures of the United States are admitted there upon the same terms as those of any other colony and of Great Britain herself. The old colonial restrictions have passed away, and become obliterated by the advancing power of a more enlightened policy.

The views I advocate have sometimes been met by the objection that, whatever might be the mutual interests of the United States and Canada, Great Britain would not permit them to be harmoniously developed. I think there is no reason to apprehend any real difficulty on this score. If the interests of Canada are stifled and oppressed, let us be certain that we are not the wrong-doers, and that

the blame is put on the right shoulders. A brief review of the history of the colonies throws much light on our policy in regard to them. For the last half-century they have made steady and accelerated progress toward greater freedom and independence. The measures adopted by Great Britain have undoubtedly encouraged the movement.

Soon after the first American colonists from Great Britain had surmounted the difficulties and hardships of the earliest settlements, in the regions which are now the United States, and had begun to accumulate wealth, the exclusive system was applied so far that few articles could be exported from the colonies to any other country without being first laid upon the shores of Great Britain. Next, the colonists were compelled to buy solely from British merchants, and their importations could only be made in British ships, "it being the usage of other nations to keep the plantation trade exclusively to themselves." Even the excellent Lord Chatham, distinguished as a friend of the colonies, was so far imbued with the common heresies of his time as not to hesitate in declaring that "the British colonies in North America had no right to manufacture even a nail for a horseshoe;" and Lord Sheffield only expressed the general opinion of his day when he affirmed that "the only use of the colonies and the West India Islands is the monopoly of their consumption and the carriage of their products." On all these points increased enlightenment has effected a quiet revolution. The monopoly of the colonial trade was found to be as unprofitable to the oppressor as to the oppressed, and confirmed progress has been made in those views of public policy which are inextricably blended with magnanimity and liberality.

A few years ago the Government of Canada, through its financial minister, emphatically declared the right of the people of that country to decide for themselves, in all respects, the mode and extent to which taxation shall be imposed on them. The British Government was warned that serious evils and future complications would result from any opposition to the rights thus asserted; and the Canadian Government congratulated itself that the Brit-

ish ministry of that day "have been obliged to admit that we were in the right, and that any assumed interference with our rights and privileges is not for one moment to be entertained." Thus the practical rights of self-government, only obtained by the United States through revolution, were quietly conceded. The most striking point in this illustration of the reversal of the ancient relations of Great Britain and her colonies is not merely that so great a concession was made to the colonies, but that the point in dispute was an order in council disallowing a bill inflicting certain disabilities on the shipping of the United States.

The people of Great Britain have discovered that their own capitalists and laborers were injured by forcing the trade of the colonies in artificial directions and withdrawing it from the natural and really beneficial pursuits in which it would have been employed. The revolutionary war in the United States strengthened these impressions. It was found that the independence of the United States, and their consequent prosperity, contributed materially to the well-being of Great Britain, whose taxpayers were relieved from the expense and trouble of governing distant and extensive regions, while the benefits of intercourse with them not only remained but were augmented. The belief has become more and more prevalent in the mother-country that the means by which she can most securely and profitably derive the elements of real prosperity from her colonies is by permitting them to direct their industry into those channels which their natural position and advantages indicate as the most remunerative.

On the one hand concessions were made to the colonists by permitting them to resort to the markets of the world and tax British manufactures; on the other, the British people were gradually emancipated from the oppressive taxation which gave the colonies special privileges in Great Britain itself. The latter was at first especially conspicuous as to the indispensable articles of grain, flour, and lumber.

The military and naval defense of the colonies remains as the only substantial relic of the ancient policy. The



consideration given for it is withdrawn. It remains as a tax on the people of Great Britain without affording them any adequate compensation, and the declaration of their leading statesmen of all parties, the actions of their government, and the tendencies of public opinion clearly indicate the early termination of this anomalous and inconsistent condition. The time is approaching when, as the most zealous defenders of the old colonial system have admitted would be the case, it will be found that "it is all of a piece, and must either stand or fall together."

So evidently correct are the frequent assertions of Canada that her Government, acting for her legislature and people, must, whatever may be the deference they owe to the imperial authorities, decide for themselves as to all matters connected with the tariff, and so completely has the principle thus announced been carried out in legislation, that Great Britain, in reply, is throwing the naval and military defense of the Canadians upon themselves.

A former governor-general of Canada substantially declared in the Imperial Parliament that if Canada should ask for independence the request would readily be granted. If we look among those British statesmen now living, and who for many years have been leaders in the actual and progressive career of their country, and whose influence was never more completely manifested than in the recent change in her European and Asiatic policy, we find in their public speeches the most creditable and liberal expressions regarding the commerce of the United States with Canada, and the relations of Great Britain with the latter. The profitable and humanizing effects of the commercial treaty with Great Britain and France point out significantly and decisively how valuable a judicious commercial treaty between the United States and Canada would be, not simply in increasing sales, but in promoting the advancement of the soundest doctrines of civilization and international good-will.

I know of no expressions of modern statesmanship better worthy of being borne in mind by every American citizen, and regarded as axiomatic in our conduct toward our sister-States and Canada, than those terms of glowing eloquence in which Hon. John Bright depicted his

Hopes that the day would come when the whole of this vast continent might become one great federation of States, and, free from military control, without a custom-house inside through the whole length and breadth of its territory, but with freedom everywhere, equality everywhere, law everywhere, peace everywhere, would afford at least some hope that man is not forsaken of heaven, and that the future of our race might be better than the past.

The Right Honorable W. E. Gladstone, when premier, speaking in a debate in the House of Commons, lamented that it had been the fate of the transatlantic possessions of European nations that in every instance when they had reached maturity separation had been carried out by war or bloodshed, leaving behind them feelings of pain, hatred, or shame. He declared the true policy toward Canada to be that, if separation should arrive it may come in a friendly, and not a hostile form, but in true accord with the best spirit of the age.

It seems to me that we do not in our statesmanship adequately recognize and appreciate the relations actually existing between Great Britain and her North American possessions or adapt our policy to the facts as they are. One of the main errors of Great Britain in her treatment of those colonies from which our Union was formed was the discouragement of their industry, except so far as it was subsidiary to her own. Perhaps no part of her conduct toward us was more unjust or injurious, or contributed more powerfully to the causes of the Revolution. I fear that the recollection of it, rankling in our memories, has sometimes led us to such legislation in commercial affairs as we have been satisfied to think, must be beneficial to ourselves, because it is inconvenient or prejudicial to others. This is one of the most prevalent and pernicious sophistries by which mankind has ever been deluded and afflicted. Let us look to ourselves and take heed lest in our day, in the plentitude of our power, and at a more enlightened period of the world's history, we in our commercial treatment of weaker neighboring States fall into the same kind of error as that which Great Britain practiced toward us, but has utterly discarded in

her modern treatment of her colonies. Canada, it is true, is not our possession, but as compared with the United States she is practically in her infancy. In refusing even to consider by what means our trade with her can be increased with mutual benefit to the people of both countries, we follow the evil example set us in a more aggravated form by Great Britain in the early days of our own history.

Sanguine and vivid expectations have been entertained by some who laid claim to profound knowledge and statesmanlike views, but who have lived to see the error of their hopes, that by a rigorous and exclusive policy Canada would speedily be compelled to implore annexation to the Union. The time, it has long ago been publicly said, before she would thus be brought on her knees was so short that it should be counted by months, and not by years; but experience has only made more evident what was from the beginning sufficiently obvious, that the Canadians, being of the same human nature with ourselves, actuated by similar sentiments and passions, are repelled by repulsion while they might be attracted by a friendly and liberal policy, which through a natural and interminable series of profitable transactions would bring people already homogeneous more and more into communication with each other.

It cannot be said that there is any real want of friendly feeling in the United States toward the Canadians. Many of them migrate to this country, and are soon scarcely distinguishable from our native-born citizens, not a few of whom have taken up their abodes in the Dominion and become prosperous and prominent. If Canada should be oppressed, and to gain her liberty and rights be driven to arms as we were at the time of the Revolution, our sympathy from one end of the Union to the other would not merely be sentimental, but would evince itself by practical demonstrations at every point of our frontier. Happily for all the parties concerned, the prospect of any such contingency has long passed, and the appropriate way of testifying our good-will is not by self-immolation in the loss of life and material wealth, but by the sacrifice of an old prejudice and an



out-worn theory and the adoption of such commercial measures as will promote our interests as well as those of our neighbors.

I have said that Canada has wisely pursued a more liberal course toward the United States than we have towards her. She admits our manufactures on equal terms with those of Great Britain, and at very moderate rates of duty. The chief products of our agriculture are admitted free of all duty whatever. At the same time this liberality redounds to her benefit. She is studying her own interest. By charging no duties on our flour, wheat, corn, and other grain she obtains a large surplus for exportation and encourages transportation and the profitable employment of her people from one end of her railroads and canals to the other. She finds her own profit in all this. The prices of wheat, flour, corn, cheese, and cut meats are telegraphed to this side of the Atlantic and regulate our own. They are posted up and proclaimed in our leading marts of trade. Even in fresh meats a vast trade with Europe is rapidly progressing. Immense quantities are weekly exported from the United States and Canada, and in a few years Great Britain will be at least as dependent on this continent for her supplies of fresh beef and other meats as she now is for breadstuffs. As the prices in foreign markets mainly determine those here and in Canada, it is suicidal to many of our mercantile, manufacturing, and carrying interests, and beneficial to no other interests whatever to charge duties on the importation into this country of the farming products I have named, and the list could be very widely extended. Our exportation to Canada of all these articles is enormously greater than hers to us, and it is created mainly by those exportations to Europe which we impede by our laws while Canada gives facilities for them. For instance, in 1875 our imports of wheat from Canada under our tariff amounted, according to our official statistics, to only \$296,588, while our exports to her were of the value of \$6,070,167 in gold. A certain class of theorists may think they detect in this a very favorable balance of trade. In reality it represents how much of our wheat was exported to Europe by Canadian routes.

The enlargements now in progress on the Canadian canals will force public attention to these facts. We ought to be prepared to meet them in advance. When our ports were open to the free admission of Canadian wheat our forwarders and merchants and their employés reaped the profits. There was also a local benefit to our millers and many communities. Thus, when I speak of a liberal policy I do not mean that of self-destruction or sacrifice of our own interests, but one in which the benefits of mutual profit are recognized, a belief with which the issues of individual and national well-being are most intimately connected, and that short-sighted view—the most pernicious and perhaps the most common of all political errors—that the gain of one man or nation must be the loss of another, is discarded.

Besides the additions to our direct exports and the increase in the sales of our manufactures both to Canada and, through a better supply of raw materials, to other countries, which might be secured by means of a fair treaty of commerce with Canada, other points demand our consideration. Year after year the Canadians have continued their liberal treatment of our trade and manufactures in the hope that the whole system of commerce might be remodelled between us with due regard to the interests of both countries, but incited by our large exportations the protectionist theories grow yearly stronger and stronger in Canada, and if her people should adopt a system of what are sometimes called “reciprocal duties,” charging on our productions the same duties as we levy on hers, the result would be ruinous and almost prohibitory on our exports to her. If, on the other hand, the Dominion should renew, as is sometimes suggested, a closer connection with Great Britain, the trade between those two countries might become as free and untrammelled as it is between all the States of our own Union. In this event it would manifestly be impossible to check smuggling on an enormous scale from the Dominion into the United States. The difficulties already attending a proper surveillance of our northern frontier were lately described by the Secretary of the Treasury as being in some respects insurmountable. In the contingency to



which I have alluded an addition of several thousands of men to our revenue service, with the accompanying expense, would not suffice to prevent a vast illicit trade, with demoralizing effects on our people and incalculable injury to our revenue.

I look forward to that time in the not distant future when a truly fraternal comity shall prevail throughout this continent from that habitable part of it which is nearest the arctic regions to the tropics, and from the Atlantic to the Pacific Ocean; and when this sentiment shall find its natural expression, not in lawless and desolating filibustering expeditions, or hostile inroads of any kind, but be manifested and continually increased by those peaceful exchanges of the products of human industry which yield profitable employment and make homes happy. Nature herself, in the varieties of climate and resources, has provided for this plan by permanent and beneficial laws against which we make our temporary and destructive statutes. From such a continental and truly American system, we who occupy a central position between the North and South should not only satisfy our needs, but by being the merchants and carriers for our neighbors on both sides derive larger profits than any of them. Because in population and power we are the foremost nation of the continent, it becomes our duty to ourselves and to others to take the lead in giving practical development to the bounties which Providence has placed within our reach. The first step toward its attainment is by ascertaining definitely through inquiries made by efficient and reliable commissioners how far we can extend our commercial relations with Canada, whose people and government invite us not less by their stable, intelligent, and progressive character than by the assurances they have already more or less formally given us. Of all affairs of foreign policy this opportunity of cheapening the materials of our manufactures and extending our markets is the most important. Next to integrity in our Government and the preservation of our liberties, no subject more deeply concerns the interests of the people. My motion is simply for the appointment of a commission of



inquiry. It is, so far as I know, unanimously approved by the leading commercial and business men of the country without distinction of party, and should meet with the same just consideration from both parties in this House.

THE  
FINANCIAL CONDITION OF THE NATION.

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HOUSE OF REPRESENTATIVES, January 15, 1863.

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At the time when this speech was delivered, the crude and pernicious errors through which the national debt and taxation enormously increased were advanced and defended by the highest official authorities. It was maintained that paper money had not depreciated, but that gold had advanced in value. On behalf of the producing and mercantile interests, Mr. Ward protested earnestly against this and similar sophisms, and thoroughly analyzed the financial system adopted by the then Secretary of the Treasury, testing it by abstract principles and the experience of our own country and other nations.

MR. CHAIRMAN: The condition of our financial affairs and the regulation of the circulating medium are regarded with much anxiety by the people of this country, from motives of their own personal interest, and yet more from patriotic devotion to the cause of unity in our great struggle for national existence. Civilized society itself relies upon the instrument of trade and commerce, termed money, for the regulation of all economical affairs connected with the creation and equitable distribution of wealth. If the monetary system be deranged our varied national resources, in common with those of individuals, become subject to innumerable disasters, against which no human foresight can guard. The losses of the last year have enabled us to appreciate this truth more fully. We have, I trust, learned something within that time. For myself, I am free to confess that although my record upon this question remains to-day exactly as I would have it, I am among those who have been learning from that inexorable teacher, experience.

I have been and yet am desirous of supporting the Government of my country in a vigorous prosecution of the war. If on any subject the North does not present an unbroken front, in perfect unity of feeling, the fault does not rest with myself. My vote has aided in furnishing for the defence of the Union, not only all needful supplies of that which faithfully represents the products of the industry of our country—money, the sinews of war—but in placing at the disposal of the legally appointed officers of the Government that which is yet more precious, the invaluable lives of the men who constitute the brave armies of the Union. I could not control the expenditure of the money, or prevent the sacrifice of the men; nor was my vote, given against the issue of “legal tender,” sufficient to prevent the practice of an unsound system of finance. I hoped that another course, more conducive to the interests of the nation, would have been pursued; but I did not, nor do I now, question the purity of motives in those gentlemen who sustained the views I deemed it my duty to oppose. I believe the issue of this paper money was an unfortunate measure; and now that we have from practical experience a thorough knowledge of the influence it exerts, there should be only one opinion as to the expediency of continuing to augment the volume of such a currency. It is for us not to aggravate the evil, but, so far as is possible, to devise measures for its removal, that a gradual and perfect cure may be effected.

When it was decided to adopt the principle of “legal tender,” there was no doubt that the majorities of both Houses who voted for it did so because they considered it the least objectionable of the measures under consideration. Here, permit me to say that I know of no greater trial for a statesman or a legislator than this—to be compelled to choose between two measures when his judgment condemns them both; when his only course is that laid down in the common maxim of life, to choose the least of any number of evils. The whole question is full of difficulties arising out of the mutations of commerce as well as the exigencies of nations. Numerous theories and suggestions have been presented by prominent citi-



gens in various parts of the country ; but all experience has demonstrated the impossibility of securing lasting prosperity for any country which persistently adheres to the use of a legalized but irredeemable paper currency.

I have heard with the utmost pain and regret, some of the opinions expressed by gentlemen who hold high official positions, and who, by long careers of life spent in the legislative service of their country, have honorably won for themselves no small share of confidence from this House and from the people. In the great epoch of this age, I have turned with anxious expectation to the official report of the statesman who, by the desire of the President of the United States and of a large portion of our fellow-citizens, has been chosen to discharge the grave and arduous duties of the Secretary of the Treasury, and to the speeches delivered in this House by the Chairman of the Committee of Ways and Means. Differing, as I do, from the Secretary of the Treasury on that cardinal question of our day, the strict application of free local self-government alike to northern and southern States, so far as it is compatible with the maintenance of the Union, I hoped to have seen him mindful of the distinction between promptitude and procrastination, paying and promising to pay real money, and that paper fiction which, in the phraseology of the day, is called "legal tender;" firm and steadfast in his allegiance to those principles of financial economy yet held by the great party of which he was formerly a member, and which commanded his respect and approval through long years of calm reflection, when he was unbiased by the disturbing influence of that one dark enigma now absorbing so large a share of public attention, and causing the expenditure of so much of our national substance, and the sacrifice of so many lives. I should have been deeply gratified if I had been able, by the support of the Government, to win from my political opponents the reputation I deserve, of being swayed by no partisan motives, and solely by a desire for the welfare of the Republic.

In the report of the Secretary, I find that while to some extent apparently opposing the further increase of the currency through the issue of more notes by the

United States, he denies that the remarkable appreciation in the value of gold—or rather, to speak accurately, the decrease in the value of fictitious money as compared with money itself, is wholly, or even for the greater part, owing to the large volume of paper promises to pay. He doubts if “the aggregate currency of the country, consisting of United States notes and notes of corporations, is at this moment greatly in excess of legitimate demands for its employment,” or if “any actual excess is due to the issues of United States notes already in circulation.” In attempting to vindicate his position, he assumes that the amount of coin, estimated by him to have been \$210,000,000, circulating and in the banks on the 1st day of November, 1861, had been practically demonetized and withdrawn from use as currency, or as a basis for currency, and it is therefore excluded from his estimate; when, in fact, with exceptions trivial in comparison with the whole amount of specie, it was never used as currency, and the banks, while they have suspended metallic payments, yet, as is asserted by the Secretary himself, retain an increased amount of gold and silver for purposes of their own security, and as a basis for their present circulation and a future resumption of those specie payments they were induced to suspend by the anticipation of the policy then foreshadowed and afterwards adopted, in the issue of Treasury notes not redeemable in coin. At the same time, the bank circulation in the loyal States, partly in consequence of the suspension of specie payments, has increased about thirty per cent., or from \$130,000,000 in 1861, to \$167,000,000 in 1862. Assuming, then, the Secretary to be correct, and taking gold only at a premium of thirty per cent.—considerably less than its average price for several months—the purchasing power of the hard money at that time was \$373,000,000, or \$63,000,000 more than in 1861, if, for the sake of argument, I concede more than the truth requires, and assume that the paper has not become depreciated. This specie, the only true money of the country, has not been annihilated, become dead capital or “demonetized,” as is said in the report, by one of those novel and mysterious expressions which are often coined and used for the occasion, in preference



to our own plain Saxon words, when complexity and confusion, not simplicity and clearness, are the desired objects. The amount of precious metals in the United States has not even been diminished, but increased, during the year in question.

In the same short space of twelve months the circulation of the notes of the United States, including credits to disbursing officers and to the Treasurer of the United States, was swollen from \$15,140,000 in 1861, to the enormous sum of \$210,104,000, being over \$30,000,000 more than the whole amount of the notes of corporate banks throughout the loyal States in 1861.

From these facts it follows that the aggregate circulation of the loyal States, which at the first date, 1861, was \$355,140,000, was not, as stated by the Secretary, only \$377,104,000 in 1862, but nearly \$650,104,000. The increase in the currency of the loyal States in one year alone has been nearly equal to the whole amount of paper money in the country at any former period in our existence, when we included in our estimates the whole of the United States from Maine to Texas.

Starting with his erroneous position that the only true money of the country is no longer any money at all—using this as a foundation for subsequent arguments, and assuming that the increase of the National circulation, estimated in “legal tender,” is only \$22,000,000 instead of \$355,104,000, the Secretary easily adds other links to the chain of his delusions. If the \$22,000,000 were really the only increase in the currency of the loyal States during the year in question, his assertion that it was “legitimately demanded by the changed condition of the country in the year between the two dates” might be permitted to pass unnoticed. He speaks of the insufficiency of the bank circulation to support the great activity in business resulting from enormous military and naval preparations, and is apparently ignorant of the vast amount of trade formerly enjoyed with the Southern States—but now lost to us—and of the power of the banks themselves, by means of bills of exchange, drafts, checks, and certificates of deposit, to transact any amount



of business that the necessities of the nation even yet require. New York is the great business centre of the Union. Nearly all our domestic and foreign exchanges meet in that commercial emporium or metropolis. In that city alone banking facilities exist for the transaction of business amounting to \$20,000,000 daily, or about ten times the estimated daily expenses of the Government when engaged in the present war.

It was not difficult to pass on, from the belief that the currency of the country had undergone so slight an increase, to the assertion that no undue inflation in currency or prices now exists. Outside of official circles, and by every man who is unbiased by political prejudices, or the vain desire to prop an inherently vicious system of finance, the existence of this inflation is universally well known and admitted. It is known, not only to our financiers and merchants, but is painfully felt in the home of the laborer, and made palpable by practical facts and figures to every one who purchases the common articles necessary for daily food and clothing; and the evil is daily becoming more hurtful and notorious. The report of the Secretary tends to create confusion by comparing the prices of wheat, pork, and corn on the 1st day of November, 1861, with those on the corresponding day in 1862. It is true that while the prices of many staple articles of food and clothing bought by the northern farmer and laborer have been doubled, and in many cases more than doubled, the chief agricultural products of the North have been so injuriously affected that even their nominal value has been little changed. Pork, for instance, one of the great western staples of trade, sold for less on the 1st of May last year, and now sells for less in depreciated paper money than it ever brought in gold during the ten preceding years. On the 1st day of May, 1862, the market price of prime pork in New York was \$12.62½, or about fifteen per cent. less than \$14.50, the lowest price it ever reached on any corresponding day since 1850.

The Secretary ignores the effects, so injurious to the vast farming interest, produced by the large quantities of the cereals already forwarded to market, by the abundant crops of Europe, and the enforced idleness of

those numerous industrial and commercial classes of Europe who are the chief foreign consumers of our provisions, who depend upon a supply of cotton from this country, and by its withdrawal are rendered unable to purchase as much as they require of our breadstuffs and surplus agricultural productions. The farmer finds that while the prices of that which he has to sell have seemingly but little changed, he is compelled to pay increased prices for nearly all that he buys.

The Secretary says nothing of those disturbances in the valley of the Mississippi, which have not only injured our market in the Southern States, but also in those parts of the world to which western produce finds the cheapest access through that great highway or artery of the interior. He labors to prove that gold has increased in value, and that his paper money has not depreciated. In truth, the condition of the commercial system is indicated almost as infallibly by gold as the temperature of the atmosphere is shown by the mercury in the thermometer. Not an article sold in this country, but capable of being carried abroad, can for many days together continue to be sold for legal tender paper without an inflation of price at least equal to the difference between the price of gold and its fictitious substitute. Take grain and pork, the articles named by the Secretary, as familiar instances. Can it be supposed for a moment that if their price in paper money is their real value, our Canadian neighbors, or our own shrewd fellow-citizens, who are always awake to such an opportunity, would not at once buy up these articles, take them into the provinces, where gold is at par and American silver at a discount of four or five per cent., bringing back hard money with them, and selling it for paper currency at a premium of more than forty per cent.?

The commercial value of all exchangeable commodities is their price in the markets of the world. Our countrymen—and they are not the only competitors in this race—aided by the rapid missions of the newspaper and telegraph, keep well informed in these prices, and unless they can sell for legal tender at an enhanced rate, will send their property to foreign countries and obtain in

exchange for it either the precious metals with which they can buy paper money at its diminished valuation, or such merchandise as will yield a yet larger profit.

The rule is of wide application. It is true as regards almost every article produced in the United States. It influences manufactures themselves, and the materials from which they are made.

So much for articles of domestic origin. I shall not be asked to prove that articles of foreign origin cannot be bought with legal tender, as a medium of exchange, at par, or that foreigners require gold or its substantial equivalent from us in all our dealings. Dividend-paying stocks and securities, and nearly all other forms of personal property, have risen in nominal value to a greater extent than gold; and the general inflation has already seriously affected the price of real estate itself, which many cautious men are beginning to purchase as a secure investment, safe amid that general ruin which they see is necessarily approaching, if the administration now in power persists in its desolating policy.

I pass over the third argument of the Secretary, in his attempts to prove that the currency is not redundant, with an expression of regret and humiliation that so feeble a device or error should have found its way into so grave and important a document as the report issued from the Treasury of this nation at this important crisis of our history. It is not only unreasonable, but it is an undignified trifling with the subject, to name the temporary premium on gold, at the most feverish stage of a panic which lasted only for a few days, in comparison with the lowest premium it bore during the subsequent revulsion, to prove that no great redundancy of currency exists. The last quotation shows that gold is now at a premium of forty-eight and one-half per cent. His financial system had, at the time of which he speaks, brought gold from par to a premium of at least thirty per cent.; and the general rule, not the ephemeral change, supplied the true philosophy and moral of the occasion. In monetary affairs, as in physical nature, we measure events by the progress of the tide—not by the little changes of the rising and receding ripples; and the price



of gold, stationary for some months at thirty or thirty-two per cent., and now risen by gradual degrees to forty-eight and one-half per cent., furnishes the correct index. My reason for stating these facts, which are or should be familiar to us all, is, that they are contradicted by the highest financial authority in the country.

The circulation of the banks in the loyal States was expanded during the year intervening between the first days of November, in 1861 and 1862, from \$130,000,000 to \$167,000,000 ; and the volume of deposits, practically answering many of the purposes of circulation, increased from \$264,000,000 to \$344,000,000. A corresponding stimulus was naturally given to loans. This increase took place, as the Secretary justly observes, chiefly within the last seven months of that year—the period during which the enactment of laws creating legal tender came most fully into operation.

All, or nearly all, this expansion of credit, with its enormous increase of nominal values, has been produced by the pernicious system of legal tender. These notes, being less valuable than specie, would have produced a run upon the banks against which they could not have maintained themselves. They must continue a suspension of specie payments in order to avoid ruin, and by the national legislation were thus practically absolved from the great balance-wheel or principle of their system, the obligation to perform their contracts and keep their promises to pay. As a natural consequence they followed the example of the Government, and issued an increased amount of paper money. Conjointly with these causes and the increase of nominal value requiring more “money” to transact the same amount of business, arose, necessarily, an increase in the amount of loans and deposits. It was foreseen by all men of common intelligence as to financial affairs, that the whole chain of these events must be produced by the financial policy of the Treasury.

I have shown that we already experience a portion of those pernicious effects which the universal experience of mankind has proved must follow from the enactment of laws compelling men to receive pieces of paper as money

without providing for their redemption in specie, and that prices of all kinds are inflated. The merchant and contractor, in making sales or agreements, charge profit not only on the actual value of the articles they furnish, but on the value in paper money. The Government, at the present time, pays for all its uses a premium of at least forty or fifty per cent. above its actual value, equivalent, in effect, to a corresponding depreciation in our national securities.

The dealer who, a few months ago, sold his goods at a fair profit on time, finds himself when he is paid unable to replace his stock. From the uncertainty attending the future, business is thrown more and more into the hands of the few who are able to buy and sell for cash. The country is suffering from the demoralizing effects of financial doubt and uncertainty, already so great that ordinary mercantile investments are losing their legitimate character of efforts to supply the demands of the people, and are becoming guesses or chances like those in a lottery—dependent upon the unknown and secret will of the officers and advisers of the Government, and the influence they exert in the price of that which is given and received as the standard of value. The relation between debtor and creditor on all previously existing pecuniary contracts has been arbitrarily changed. Each merchant, jobber, and retailer, charging a percentage on the increased price of the article which passes through his hands, the continued and progressive accumulation of prices, presses with peculiar hardship and severity upon the laboring man, whose wages, in times like these, are the last of all things to rise. The clerk who has agreed to work for a salary, and has arranged his expenses in accordance with his means, finds himself unexpectedly, and from no fault of his own, unable to meet his daily expenses. The family of him who has spared from his income a small sum for life insurance, finds the result of his hard earnings reduced by these deplorable laws, upon the death of the father, more than one-third, nearly one-half of the just amount. By the practice of constant economy, parent of many virtues, numerous day-laborers and other persons have deposited in savings-banks a sum



estimated as amounting to at least two hundred and fifty million dollars in the Free States. The depreciation in these frugal savings of the most industrious classes is already more than one hundred millions of dollars. It contrasts strangely with the sums realized by fraudulent contractors, and with the enormous fortunes made by the speculators who know beforehand the intentions of the Administration. The motive for industry and economy is thus impaired among one of the most deserving classes of the people by abusing their confidence and destroying their sense of security. The state fares ill, indeed, when favorites thus flourish; when the industrious are deprived of their earnings by the Government which should protect them, and the idle and rapacious are enriched from the spoils of the better part of the community.

The soldier and sailor of the regular Army and Navy, together with those who, in the hour of our peril, have nobly come forward to give their lives, if need be, to the service of their country, thus lose nearly half of their pay, by the act of that Administration whose commands they loyally obey, however repugnant the ruling policy may be to their convictions regarding the welfare and true honor of the nation. Where men enlisted under a stipulation that their pay should be thirteen dollars, they receive considerable less than eight dollars in actual value. Pensions for the maimed and wounded are reduced in the same proportion. He who dies upon the field, and leaves behind him a widow and orphan children depending upon the bounty of his country, whose gratitude he so well merits, and in whom he had confided with the proud love of his heart, knows that the cold charity of a pension thus unjustly diminished is all that will be doled out to them; but he knows not what will be end of these curtailments now already so far advanced.

I leave the legal questions arising as to the obligations of contracts and the consistency or conflicts of recent enactments with the Constitution of our country, to be decided in those courts of law where, I trust, the zeal and blindness of party strife and politics may never enter. My purpose in this place at present is to discuss the



tendency and effect of laws—not their constitutionality.

The results I have named follow naturally from the principle of what is called “legal tender,” in pursuance of laws as unchangeable as those of arithmetic or gravitation. We may make whatever laws we choose, and flatter ourselves and the people that Nature herself will yield to the warmth of our desires and the force of our enactments; but real value, like truth itself, which in reality it is, will irrepressibly assert its power. The story related of the Saxon king, Canute, who, being told by his courtiers that the waves themselves would obey him, placed his chair near and in front of the rising tide, and called his sycophants around him, has been frequently applied to other monarchs and other flatterers. It is no less true of those who, from motives of personal ambition, or in the vain pursuit of an imaginary public good, endeavor to delude the people into a vain hope that we can successfully contend against the laws of trade and finance. Historical precedents in proof of this assertion are numerous. The volume of the currency of the rebellious government at Richmond has increased so rapidly that gold is said to command, at least, a premium of one hundred and fifty per cent.; and the contractors for the supplies of the rebel army have agreed among themselves to make no contract with that Government for more than one week in advance.

The paper money of France, known as assignats, during the great expansion of the currency was made a legal tender, and the French Government of that day punished with death those who refused to take the paper at its nominal value. The result was a deplorable disturbance in every kind of exchange. There was not, there never can be, any practical law determining prices between buyer and seller; and all who made new bargains evasively refused to take the depreciated money in payment, unless they received double or treble prices, according to the degree of depreciation. Nearly all creditors were ruined, because they were obliged to accept a value merely nominal. Yet this form of legal tender was secured by real estate—or rather was fundable in land—

but, being wanted more as currency than for investment, became depreciated, and the Government, to supply the loss sustained by the deficiency, frequently increased the issue, until it became worthless.

It is instructive to observe how the issue of assignats was enlarged to suit the appetite of the times. From one-half of its nominal value it became worth one-sixth, and, the fiction rapidly tumbling down the abyss, I find it recorded that silver became worth one hundred and fifty times its denomination in paper before the assignats were regarded as absolutely worthless. At last, by common consent, the people returned to a metallic currency.

Examples of this kind have not been wanting in our own country. Already we find each dollar of the Government money is worth less than sixty cents in hard cash. Thomas Jefferson, when writing from Paris in 1786 to M. de Crevecoeur, records the worth of one hard dollar both in continental and Virginia money, in 1779 and 1780. He reminds us that in January, 1777, seven dollars and twenty-two cents of continental money were worth no more than one dollar of silver, and that in fifteen months it needed no less than forty dollars to procure the same silver dollar. In January, 1779, one hard dollar was worth eight dollars of Virginia money; and in December, 1780, it needed seventy-five dollars of the same paper currency to purchase one substantial or real dollar.

The State of Connecticut, by an act passed October 4, 1780, regulating the "redemption of obligations," showed the fluctuations of the paper issue of that time, between 1777 and 1780, by the following scale:

Sept. 1, 1777.....	\$100	paper money passed for	\$100	specie.
Oct. 1, 1777.....	109	"	"	100 "
Nov. 1, 1777.....	121	"	"	100 "
Dec. 1, 1777.....	133	"	"	100 "
Dec. 1, 1779.....	2,597	"	"	100 "
Jan. 1, 1780.....	2,932	"	"	100 "
Feb. 1, 1780.....	3,333	"	"	100 "
March 1, 1780.....	3,732	"	"	100 "
March 18, 1780....	4,000	"	"	100 "

It is unnecessary to follow this portion of the subject farther.

In some form or other the juggling legerdmain of debasing the currency of the country has been a favorite remedy with short-sighted statesmen of every nation, ancient or modern, when unable to meet its engagements promptly. The Romans, at the end of the first Punic war, raised two ounces of copper to the same denomination as they previously expressed by their legal standard of twelve ounces, thus enabling that republic to pay its great debts with one-sixth of the real amount. So much embarrassed and burdened with debt were the masses of the citizens, that the change was popular. It is the first step that is dangerous. As with our first issue of paper money, it led to a second and a third. During the next Punic war the same coin was reduced from two ounces to one, and afterward to half an ounce, being only twenty-fourth part of its original value, or little more than four cents on the dollar, estimated in the money of the United States. In the reigns of Henry VIII. and Edward the VI. in England, and in Scotland also during the minority of James VI., a fraudulent adulteration of the national coin was practised.

The Secretary of the Treasury recommends the reduction of the value of the five-dollar gold piece to that of the British sovereign, or about \$4.84, the usual price of that coin in New York. This carried into our other national coins would lower the permanent value of the currency by rather more than three per cent., and is to that extent an injury to the public creditor, and an arbitrary and unjust invasion upon the transactions of private or personal business. But this is insignificant in comparison with the depreciation which has already inflicted a lasting stigma upon the public honor, under the name or guise of paper dollars or legal tender, now already at a discount of forty-seven per cent. I prefer a frank and open depreciation to an evasive system which "keeps the promise to the ear, and breaks it to the sense."

It is in vain to affirm that gold has risen, but that paper money has not fallen. The man who is in a sinking boat might as well say that the water is rising, and that his boat is stationary. Let him, if he is not out of sight of land, not yet engulfed above his eyes, look at



the shore while he can, and see whether the water is flooding its banks. The markets of the world, where we sell our products and buy many articles in return, are the true landmarks as to the value of our currency; and they are and must be, as I have already shown, faithfully indicated by the rise and fall of the precious metals.

I am opposed to all these schemes for pretended payment. One law practically prevails with regard to national bonds when they amount to millions, and another as to indigent creditors. Our honor is implicated in the faithful performance of all our contracts; but if any distinction must be made, it is far more deeply concerned in paying to the utmost fraction the wages of the soldier, who has won them on the field by his sweat and blood, the peril of his life and limb, than by paying the richer creditor in coin, and depriving our faithful defenders of nearly one-half of their well-deserved earnings.

If, by our enactments, we have made less than sixty cents of hard money already pass for one dollar, on what principle are we debarred from going farther in the same direction? There are men who cannot perceive the importance of truth and integrity until they themselves individually feel substantial retribution for their offences, and the results of their rash and headlong policy are fully accomplished. The prudent capitalists who are already, to a very considerable extent, seeking other investments in preference to national stocks, ask—and let those who initiated this policy answer this question if they can—why, if we have already reduced our debt from one hundred to less than sixty cents on the dollar in hard money, we may not reduce it to fifty cents, or any other amount that we choose; and why, if we thus treat the poor, who are many, and for the time being are uninfluential and forgotten, we may not in process of time pay the fewer and richer creditors in a legal tender yet more debased or depreciated. The confidence of the people in the Government itself decreases, and the facilities for negotiating loans are diminished. I prefer an avowed confession of the financial weakness of the Treasury to a course like this, pernicious in itself and

already made palpably plain to every public creditor and to every man throughout the country who pays the common expenses of maintaining himself, and is not blinded by the bigotry of party spirit.

I have heard, and with pain, the honorable member who occupies the position of chairman of the Committee of Ways and Means express in this House views still more at variance than those of the Secretary of the Treasury with the principles of sound finance and statesmanship. He advocates the adoption of a circulation of paper money amounting to \$600,000,000; and in face of the inflation of prices, which he recognizes, says that this amount is required by the business of the country.

On the 1st day of January, 1857, the circulation of all the banks of the United States, including those now in rebellion, was \$214,778,822, a larger amount than it ever before attained. But the expansion of the currency, followed by the commercial crisis and numerous failures of that year, gave us a circulation only a little more than the third of the paper now proposed. As the expansion of 1857 was followed by the commercial disasters of the same year, so also the increase of paper money in 1837, when, on the 1st day of January, it was \$149,185,890, or about \$50,000,000 more than \$94,389,570, its amount on January 1, 1834, was followed by the widespread and well-remembered disasters of 1837.

I have named these sums thus minutely because we are now accustomed to talk so thoughtlessly of more enormous amounts than were ever before in the same length of time spent by any nation, that we are apt to forget the real magnitude of the questions we discuss. The addition to the national debt of Great Britain by the Crimean war is stated to have been \$200,000,000; and the whole amount expended by the same country in vain efforts to retain the United States as colonies was less than \$675,000,000, while at the present time the aggregate we are required to raise for the appropriations of the next eighteen months is \$1,646,634,315. But the chief lesson taught by the disasters of 1837 and 1857 is the inseparable connection between all violent and sudden expansions of the circulating medium with feverish,



eager, and undue speculation, succeeded by an invariable debility and collapse of the commercial system. This is historically true; and no unusual knowledge of human nature is needed to trace the relation of cause and effect between the two events. Debtors are easily emancipated from their engagements. Owners of real and personal property are alike, for a time, elated by the nominally extravagant prices they obtain. No two epochs can be precisely alike, and thus the lessons of the past are spurned in the passion of the present moment. All hasten to make new investments, and the bubble grows larger. Nearly all admit the approach of the impending storm, but fancy themselves too wise or too dexterous to be involved in the ruin which they see must soon overtake the community.

The policy supported by the honorable member has set the ball in motion. He now proposes to "protect the people" from what he terms "their own eager speculations," by increasing the size and accelerating the speed of the avalanche he has started; and he complacently declares, to use his own words, that when "their unregulated enterprise," which has been deprived of its natural and salutary checks by the system of legal tender, "has brought them to general bankruptcy," he "shall have the satisfaction of knowing that he attempted to prevent it."

The "handwriting on the wall," foretelling the ruinous condition to which the financial policy of the Administration is bringing us, is everywhere visible, and he who runs may read it.

I will not do so much injustice to the intelligence of those gentlemen whose counsels have ruled in the affairs of the nation as to intimate that their own judgment, apart from extraneous political causes, approved of the course they have pursued. Considered as questions of revenue and finance alone, they must long ago have regretted, as they will ever in the future deplore, their long-continued procrastination, their timid delay in measures of taxation and finance, resulting at last in a determination to rush through Congress, with hot and desperate haste, the enactment of fictitious currency upon a plea of the immediate and pressing necessity which the accumulated evils



of long-continued errors have created. They hoped, by "making money abundant," and depreciating its value, to make men invest in national stocks. The notes of an individual are in good esteem when he is chary of his credit and uses it seldom; when he issues them in unlimited number, people become suspicious. In the same way the immense issues of paper money, injuring the credit of the Government, have tended to prevent capitalists, who are proverbially timid, from purchasing Government securities. The same rules apply to individuals and nations alike; and yet the gentlemen to whom I refer would spurn in their personal affairs the plan they have forced upon the country, of enlarging purchases and thus driving creditors into a compromise. There is no real distinction between the two cases.

If those who are now in power had applied to the affairs of state the sound principles of common sense they know to be correct in private life, the nation would have been safe; but, bewildered by the magnitude of the subject, and intoxicated by the possession of new-born power, they rushed into financial schemes at which the world wonders. Who does not know that when the debts of an individual are overdue, and he refuses to pay them except by giving his notes, and persists indefinitely upon this method of transacting business, his creditors take whatever they can get in ready pay, rather than his bonds at long date? Yet, considering the boundless resources of the nation, and the large sums accumulated by favorites of the Government, the public may be surprised to learn that the plan should have failed so signally as was stated by my honorable colleague who addressed the House on Monday. He told us that—

"The Secretary has paid out nearly \$250,000,000 legal tender notes, being all that he was authorized to issue; and notwithstanding he has had authority for the last ten months to sell \$500,000,000 of five-twenty-six per cent. bonds at the market price, he has only disposed of about \$25,000,000 and has still authority to sell \$475,000,000 at the market price, and take his pay for them in legal tender notes."

We have arrived at this stage of embarrassment. Money has been made as "abundant" as the advocates of the

scheme asked, but men are daily buying real estate and personal property of nearly all kinds in preference to national securities at the proposed rate of interest. Many of those who have already invested in national stocks, are anxious to sell them and prefer holding other property. Nearly all kinds of bond and share securities have risen in price, following the course of gold, with the ominous and prominent exception of Treasury paper and Government stocks, which are sold lower for "legal tender" than when gold was at a premium of one hundred and thirty or one hundred and thirty-two per cent. Yet those whose errors have brought this trouble upon us hold the poisoned chalice to our lips, and ask the nation to drink its contents to the dregs.

The Administration, having in its control the vast resources of the property and credit of the United States, possessed ample power to maintain public confidence and raise all needful sums, if, instead of authorizing the first issue of Treasury notes, it had boldly entered the money market, and adopted prompt measures of taxation, which, however odious, would have been cheerfully borne in the hope of vindicating the great principle of self-government by the people. Unfortunately there has been a grave and important departure from this financial course, involving a loss of unity of opinion as to the best means of terminating honorably the present fratricidal war between the two sections of our country. In avoiding taxation until it could not be deferred longer, and in producing that hopeful excitement which is always caused by a large increase of the currency, they avoided much that would have brought calm reflection to the public mind. Nearly a year ago I introduced a motion in favor of providing Congress and the country with more frequent statements of the receipts and disbursements of the Government, hoping thus early to arouse the nation to a sense of its impending danger; but the resolution yet slumbers in the Treasury without response. The effects of those who were interested in the expenditure of the public money were not counterbalanced by the exertions of those from whom the public taxation must be collected. Fuel was thus added to the flame of popular excitement, producing

results favorable to the opinions of those who were desirous of interfering with the local institutions of the South, and were unwilling to trust the great and difficult problem of the races to the gradual and ameliorating influences of time, by which Providence works out its beneficent changes without injury to mankind. In vain did the President, in his first message, tender advice in the words he has lately reiterated :

“ Suppose you go to war, you cannot fight always ; and when, after much loss on both sides, and no gain on either, you cease fighting, the identical old questions, as to terms of intercourse, are again upon you.”

The party by which he was chiefly supported raised new and unnecessary questions, making the war entirely one for the triumph of conquest and of arms, or—as some have even gone so far in this House as to assert—of extermination. We reap a plentiful harvest of debt, desolation, and death from the seed they have sown. I do not envy them the temporary popularity and fading laurels thus won by the sufferings of our country. The history of these financiers will be like that of John Law, the celebrated banker, who once wielded the chief power in France. Says M. Thiers :

“ His fate was that which may be supposed to have overtaken the first adventurous boatman who rowed from Lake Erie to Ontario. Broad and smooth was the river on which he embarked ; rapid and pleasant was his progress ; and who was to stay him in his career ? Alas, for him ! The cataract was nigh. He saw, when it was too late, that the tide which wafted him so joyously along was the tide of destruction ; and when he endeavored to retrace his way, he found that the current was too strong for his weak efforts to stem, and that he drew nearer every instant to the tremendous falls. Down he went over the sharp rocks, and the waters with him. He was dashed to pieces with his bark ; but the waters, maddened and turned to foam by the rough descent, only boiled and bubbled for a time, and then flowed on again as smoothly as ever.”

While my chief object at present is to enter my earnest remonstrance against an increase of legal tender paper,



and ask attention to the importance and necessity of arresting the inflation which is now going on so rapidly, it would be unjust to refrain from reference to the measures of relief which are demanded by the exigencies of the country.

My earnest desire is and always has been, to furnish the Government with every resource and power necessary to the repression of the rebellion. From my solicitude for the re-establishment of the Republic, I desire to avert any increase of such paper money as is now in use, knowing how injuriously it affects public confidence, enlarges expenditures by raising prices, lulls the public mind into a sense of false security, and lessens the vigilance which prevents fraud.

It seems to me that the country requires rather less than more of the circulating medium; and yet the attempt to enforce a speedy reduction either by immediate resumption of specie payments, or by legislative enactments for the restriction of bank credit, would produce serious disasters. Taxation of the banks will, I believe, tend to throw upon the market the State stocks and mortgages held by them as a basis for circulation—pressing hard upon the credit of States and individuals, leading to the withdrawal of banking capital, and curtailing the usual accommodations to manufacturing and commercial interests throughout the country.

Gentlemen for whom I entertain much respect are desirous of substituting the legal tender of the United States for the bank notes of the States individually, and think they have found a cure for our financial troubles. The whole paper circulation of the loyal States, as computed by my honorable colleague, is \$166,600,000—a trifle in comparison with \$1,646,634,315.15, the amount we are called upon to raise for the next eighteen months. We are asked to derange our commercial and industrial systems throughout the whole country and submit our State institutions to a central authority, and yet the burden will remain, practically, almost undiminished. The whole circulation of the loyal States is only about one-tenth of \$1,646,634,315.15, the minimum amount now computed to be necessary for the maintenance of our credit and our

Army and Navy for the next year and a half. I regret the rejection of advice heretofore tendered to the Government, to issue small notes bearing interest, so as to prevent their becoming current money. Interest has been saved, but at the cost of increased outlay and disaster. These notes, made payable in long loans, would not have had much influence on prices. More reliance should have been placed, and might yet be placed, upon the sale of public stocks at seven and three-tenths, or, at least, a higher rate than six per cent., in every favorable state of the money market. It is a problem difficult of solution whether it will be better for the Government to raise money temporarily by establishing a system of deposits in New York, by selling seven and three-tenths bonds on short time, or by what other means, except those of legal tenders, which we have already tried and found ruinous.

In my opinion, Government might yet by these plans steadily absorb much of the available capital of the country, without the sacrifices involved in a continuation of the legal tender issues; but the case is full of the utmost danger to the nation. It presents the most solemn responsibilities for the Secretary of the Treasury, and I should yet rejoice to see a commission appointed to inquire, with his co-operation, into the best method of arranging our financial affairs. It would be a part of the duty of such commissioners to call before them, without any difference of party, the most wise and distinguished bankers, and commercial men of extended experience, thus avoiding the odium and partialities which it is difficult to separate from private conferences.

# THE FINANCIAL PROBLEM.

## HOW SHALL IT BE SOLVED ?

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HOUSE OF REPRESENTATIVES, January 29, 1876.

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At the date of this speech the fallacy of a belief in the reality of prosperity produced by the war and an inflation of the currency had been demonstrated by practical tests, but the shrinkage of values and the pressure of ill-considered taxation had produced general embarrassment or distress for which a new expansion of "legal tender" was hailed by many as a panacea. To give useful warnings against this error the monetary experience of the United States and other nations, so far as it bears upon the subject is recapitulated, and a method is propounded for returning to specie payments by steps so gradual that Congress would have no excuse for again interfering, confidence would return and prosperity prevail.

MR. SPEAKER : The present embarrassment of our financial and commercial interests demands serious and profound attention. Its effects are felt by the people of all pursuits in every part of the Union, and, without distinction of party, they imperatively require the application of the best attainable remedy. Capital lies idle in the vaults of the banks, and has been offered at lower rates of interest than at any other period in the history of this continent. The number of business failures in the year just closed was seventy-seven hundred and forty, larger than in any previous year. In 1874 the number exceeded that in 1873, and so on, with one exception, when it was stationary, the failures have gone on increasing every year since 1862. Multitudes of men and women, to an extent hitherto unparalleled, are presenting that "saddest sight on earth" of being able and anxious to work, but unable to find the work to do.



To understand the nature of the disease which is now preying on the vitals of the country, we must refer to its origin and trace its insidious progress, reviewing the financial history of the war impartially and in the light now thrown upon it by the decisive lessons of the past.

The rebellion was precipitated on the country unexpectedly to the party in power, who were slow and unwilling to comprehend its real magnitude. The repeated prophecies of leading statesmen, that it would succumb in a few weeks, are yet fresh in our memories, and will never fail to arrest the attention of all students of our history. As the nature of the impending dangers was not understood, neither the military nor pecuniary measures needed to meet them were promptly undertaken. The antiquated and exploded financial theories of obsolete European statesmen and of our own in former days were again put into practice and once more proved to be erroneous. Those who gave more far-seeing counsels were fortunate if they escaped opprobrium. While the North believed that the crisis would rapidly pass over, the South mistakenly supposed the North would yield to its demands. The battle of Bull Run, when the capital itself was endangered, in part dissolved the illusion on both sides; but the financial errors which had taken root were destined to be worked out to their logical results, which have now swept over the country and can only slowly be overcome.

The policy of deluding by makeshift expedients, instead of following the standard of the real and permanent good of the public as fixed by immutable natural laws, was too conducive to the personal and partisan interests of those in power to be readily abandoned. At an extra session of Congress, in July, 1861, it was simply indicated that, in view of the expected brief duration of the war, the Government would make a loan of a hundred and fifty millions in gold from the banks of New York, Boston, and Philadelphia. Before the 17th of November, in the same year, they had actually advanced one hundred and forty-six millions in this form, and their system was so strong that after the last part of the loan had been nearly or quite paid, the gold and silver in the

banks, which had at the beginning been less than fifty millions, was forty-two millions. The specie for a long time returned to the banks in the ordinary course of business. The Treasury continued to demand "thirty millions a month," and insisted that this should be paid only in coin. The banks yet had more than sufficient specie for the transaction of their own business, but further steps were taken to destroy the State banks.

The Government, which should have guarded the banks carefully, so that they might have kept up the value of the currency by a knowledge of their strength, scattered the gold, and it could neither be lent over again in sufficient quantities or made available as a reserve for the banks. Suspension followed on the 31st of December, soon after the meeting of Congress at its next regular session.

Even in the beginning of January, 1862, specie and paper money remained of equal value. At that date due sagacity and prudence would have prompted the instant adoption of a system of adequate taxation and other well considered and suitable measures of providing for the expenditures of the war. The Government, having by its own action forced the banks into suspension, authorized, on the 25th of February, 1862, a large issue of "legal tender," receivable "for all debts except duties on imports and interest on the public debt." In those notes the distinction was, for the first time in history, made by a government between specie and its own paper. Thus the door was opened wide to the enormous over-issue of paper money, which led to the inflation of prices, and but for our natural wealth and strongly national spirit would have been fatal to the Government and immediately disastrous to the business of the people. It was deemed more creditable to create fictitious and exaggerated prices of labor and commodities and an artificial appearance of prosperity, than to enforce prompt taxation.

The Administration having created an unfailing demand for gold, and fanned the fire of speculation by the terms of the original notes which were exchangeable for United States 6 per cent. bonds, withdrew even this right of redemption after July 1, 1863, and more anxious to



produce a seemingly low interest than to protect the people against an actual depreciation of the national securities, which reached the low rate of thirty-five cents on the dollar, made an inglorious and suicidal effort to raise loans at 5 per cent. The continuance of the right to exchange the "legal-tender notes" for 6 per cent. bonds might have effectually prevented the currency from becoming redundant, and it might have been continually checked by investments in the bonds for the sake of interest. The 6 per cent. bonds were sold at the rate of \$1,500,000 to \$2,000,000 a day—amounts nearly equal to the daily expenses of the Government. Of the loan at the lower rate, little was taken except by bankers, who used the bonds in the organization of national banks. The funding was substantially arrested for several months. Many times the sum of the interest sought to be saved were lost in the enhanced rates of purchase for the Army and Navy, and, under a needlessly inflated currency, a war debt of over \$2,800,000,000 was incurred, although the value received, reckoned in gold, was probably not more than forty cents on the dollar on all the expenditures of the war.

The currency continued to be further inflated, without any provision for converting it into interest-bearing bonds, until, by the 30th of June, 1864, the natural fruits of the mistaken policy became palpable to its advocates. The currency and other temporary loans amounted to over \$1,125,877,034.

The Administration having created a market for gold, with a constant supply and demand, through paying interest on bonds in gold and refusing to receive its own notes in payment of duties on imports, the congressional majority, by joint resolution, increased the previously extravagant duties to the amount of 50 per cent. on all articles indiscriminately for sixty-three days, ending with the 30th of June, 1864. The necessary consequence was that gold rose rapidly and enormously, or rather that the currency correspondingly depreciated. Congress, alarmed and anxious to stem the tide it had thus set in motion, passed a "gold bill," approved June 17, 1864, with the vain hope of checking the depreciation of the currency



by prohibiting time contracts for the sale of gold. Violations of the act were to be punished by fines and imprisonment. The ill-advised step only added fuel to the flame. Its result was a temporary closing of the gold-room, leaving purchasers at the mercy of individual dealers, and, next, a mania of speculation, during which gold reached its maximum of 285, the actual premium having more than doubled within about two months. The pernicious effects of these glaring violations of the laws of common sense and political economy were so immediately obvious that both acts were short-lived, the "gold bill" being repealed in fifteen days after its passage.

The protracted duration of the war, so widely at variance from the early and rose-colored assurances of the administration, added to the excessive issue of paper money and its great depreciation, induced distrust and discredit of the Union. Instead of wantonly diluting the currency and wilfully diminishing its value, so as to tempt purchasers of bonds, or, in the phraseology of the day, to "float the debt" nominally at par, but really far below it, a strong specie reserve should have been maintained, and the paper dollar kept as nearly as possible at its par value. This would have given confidence, and the people or Government would have received a full or fair equivalent for the money they are compelled to pay. Throughout her recent great calamities France, in pursuance of a policy well worthy of profound attention, never permitted her currency to reach a discount of over  $2\frac{1}{2}$  per cent., and yet one dollar of hard money would have bought nearly three dollars of ours, and our bonds were depreciated to a corresponding extent. No other nation has ever, during war or any other great exigency, made such distinctions, discrediting her own currency by persistently recognizing and enacting its inferiority to the precious metals.

It is little to the credit of the party which for the last fifteen years has been intrusted with the management of our financial affairs that, although France maintained her paper money practically at par during the misfortunes which ended in a loss of some of her best territory,

throughout a terrific civil war, and although she paid a ransom of \$1,000,000,000 and interest, our "legal-tender," or Government paper money, is yet at a discount, varying from 12 to 13 per cent., and gold once reached a premium of at least 185. The public debt of France is more than twice as large as our own. Her area is more than one-third less than that of the State of Texas alone and only about one-twentieth part of that of the Union. Her population, long nearly stationary, and recently diminished, was, in 1872, little more than thirty-six millions, while ours is now about forty-three millions, and is probably increasing at the rate of nearly a million and a half yearly. Judging from the past, our national wealth will double in about eight years, a rate of prosperity three or four times greater than that of France. Yet, with her far inferior resources, and throughout the pressure of almost unequalled misfortunes, the outstanding issues of the Bank of France not redeemable in specie never exceeded \$640,000,000, and were lately \$489,000,000, against which it holds \$300,000,000 in the precious metals, but insists, as a preliminary to the resumption of specie payments on the 1st of January, 1878, on a further reduction to the amount of nearly a hundred millions of the issues lent to the government.

Our basis of credit being, as we have seen, far superior to that of France, the contrast between her financial management and that of the administration of this country, deeply condemns the latter. Acting without forethought, and in one of those blunders which are sometimes said truly to be worse than crimes, it borrowed and dissipated the specie held by the banks, and paid away its own, instead of encouraging and keeping a reserve, which would have made the currency nearly at a par with coin, and thus have retained, at nearly the same standard, the current value of its bonds and the articles needed in the war, enormously diminishing the burdens of the people, who, through the shameless waste of their credit, now pay, in the common standard of the world, debts contracted under the fictitious valuations of an irredeemable currency, which the administration, by its example and its laws, taught the people and the world to distrust.



Our Government took no efficient or well-calculated steps to keep up the value of our note circulation. But this object was the first aim of France. Our administration fed speculation, wilfully producing an artificial state of things and an appearance of prosperity which deceived many. The Secretary of the Treasury, with the hope of reducing interest, caused an immense depreciation of the currency and brought upon us the long train of disasters from which we have not yet recovered. His was the policy of selling notes at half or one-third of their face for the sake of saving one per cent. in interest. France, on the contrary, arrested speculation by advancing the rate of interest through her bank and kept down prices, thus encouraging exports and enabling her government to buy at fair prices. Her financial policy was the reverse of ours and the result was more propitious. The chief practical example she now gives as an appropriate lesson for the condition in which we are placed is that, by means of an enlightened and moderately liberal commercial policy for the benefit of the people at large, and not the favoritism of the few, and by maintaining a large reserve of specie in her bank, she circulates free of discount a nominally inconvertible paper currency to the amount of over \$500,000,000.

Although, owing to the unparalleled natural wealth of our country, the results of defying the positive laws of political economy were long delayed, the time necessarily came when the speculations thus set afloat were subjected to the inevitable test of realizing money from them; and it was found they rested on no adequate foundation. The Administration had transferred its financial agencies to men who had been foremost in advocating its sophistries and strenuously striven to delude the people by promulgating the doctrines that "a national debt is a national blessing," and that "debt is wealth." The leading and most trusted advisers and co-operators of the Government in its financial affairs became the most conspicuous speculators. The system significantly culminated in the failure of the houses which had been most highly favored and trusted by the Administration. A run for deposits almost immediately followed. The sixty banks



of New York were liable for \$200,000,000 to their depositors. Speculation had become so rife because the currency was far in excess of legitimate commercial demands that, to meet the emergency, the banks had depended on "call-loans." The bank loans throughout the United States far exceeded those of any other date, and the ratio of cash to deposits and circulation was then, as it had been for the two previous years, less than at any other time during the last forty years. In New York, within little more than three weeks, the "legal-tender" reserve was reduced from thirty-four millions to less than six millions. The securities on which the "call-loans" had been made became unsalable except at ruinous prices.

Prominent among the results of the stimulation of a false currency was a mania for the construction of railroads, which averaged nearly six thousand miles for the five years ended in the crisis, against an average of about eleven hundred in the seven years ended with 1866. The reaction was so disastrous that railroad bonds to the amount of \$567,028,639 were in default, and considerably less than half of the railroad stocks in the whole country paid dividends, entailing losses and ruin on multitudes of innocent sufferers. These disasters, though more easily computed than many others and larger in amount than any other single class, are probably little more than fair specimens of the widespread calamities. Many manufactures, notably those of iron, cotton, and wool, were suspended or put on short time. Laboring men and women were thrown out of work to an extent previously unknown in the history of our country; immigration, that prolific source of our prosperity, decreased; multitudes returned to Europe to spread abroad in every land the tidings of their disappointments and deter others from embarking; and the number of bankruptcies in 1873, as also in 1874, exceeded that ever before known, except in 1861, the year when the memorable destruction of trade and capital was caused by the war. From that time to this the commercial confidence necessary to the employment of labor has been impaired, and the poverty of the masses and crime have increased beyond all former precedent. In addition to other burdens, we sustained in

1871 and 1872 losses by fire in the cities of Chicago and Boston amounting to \$300,000,000, an amount of wealth as irretrievably lost as if it had been swallowed in chasms caused by earthquakes or thrown into the midst of the ocean.

All the calamities we now endure would have been incalculably more general and severe but for the prompt action of the clearing-house through which, when the crisis occurred, the stronger banks of New York united to sustain the weaker by combining their reserves of legal-tender notes and issuing interest-bearing loan certificates, which were made the media for the payment of differences.

It is instructive to note that throughout the history of our country commercial panics have universally followed large expansions of the currency. By unsettling values and stimulating wild and reckless speculations which, but for a superfluity of the circulating medium, would never be undertaken, they draw money away from sound investments which would yield permanent profit to those who make them with a view to enriching themselves by rendering real services to the people at large. The national industry has been misdirected, a course analogous to waste of time and money misspent by an individual. The violent and well-remembered panic of 1837 followed an increase of \$54,796,320—or from \$94,389,570 to \$149,185,000—in the circulation, within the brief period of three years, while during the same period the loans and discounts, which practically are for many purposes a part of the currency, increased \$198,996,261, or from \$326,119,441 on the 1st of January, 1834, to \$525,115,702 on the corresponding day in 1837. Until seventeen years afterwards the aggregates of the loans and discounts of the banks never were so great as in 1837. In 1857, the year of the next great panic, they had increased to \$684,456,887, and in the two preceding years the currency had increased from \$186,952,223 to \$214,778,822. In 1860 the paper currency was \$207,100,000, but in 1866, under the republican *régime*, the outstanding circulation had increased to \$648,866,000, and on July 1, 1875, to



\$727,640,588, exclusive of over forty-one millions of fractional currency.

The notion of many of the advocates of expansion is vaguely that it would be substantially a distribution of money among the masses at large; but it is in fact one of the most seductive methods of depriving those who depend on their labor and industry of their just reward, placing colossal fortunes in the hands of a few, to whom it gives a lion's share of the little the people individually possess, taxing their labor and that of their descendants, and thus endangering even the Republic and the liberties of the people. This has been the uniform experience of mankind, and it is aptly illustrated by the history of our country in the last fifteen years, during which we have had an irredeemable circulation, and when, while wealth slipped more rapidly than ever into the hands of speculators, the number of bankruptcies exceeded those of any former term, and poverty, distress, and crime have made alarming progress unprecedented in the history of our country.

It may be freely admitted that, at first sight, the theory that paper promises to pay are capital is not without some show of plausibility. Currency is the symbol of wealth, and the shadow is frequently mistaken for the substance. It is, in fact, when inflated, nothing more than so much "watered stock." The value is nominally increased, but the actual property remains the same. Sooner or later the fraud is exposed, but from time to time this is again forgotten, and a new era of inflation and delusion begins, to end in the same way as its predecessors. The experiment has often been made, and as often attended by the same bitter lessons. Yet, with new men, the old errors are repeated. Happily for mankind, nations are long-lived, seldom dying, and in some degree the wisdom gained by one generation filters down the course of time to its successors. As on some points the laws of finance are as positive as those of physical nature, the experience of other countries is instructive.

In 1797 the Bank of England began, under authority of Parliament, to issue excessive amounts of notes, which the London merchants agreed to receive at par. Even



this could not prevent their depreciation. Parliament seconded the ineffectual efforts and in 1811 passed the celebrated resolution that "the price of gold had advanced, but the value of bank-notes was not depreciated"—a complete counterpart to the declaration of one of our own Secretaries of the Treasury, who claimed to be the author of the legal-tender system, that gold had increased in value but that his paper money had not depreciated. In 1814 a British "gold-bill" was passed, enacting that "the taking of gold coin at more than its value or bank-notes at less shall be deemed a misdemeanor." It was as ineffectual as our own. The trade in the precious metals was conducted as openly as ever and the depreciation of the notes continued. No effort was made to enforce the impotent law. The notes remained below par for nineteen years. At last the celebrated "bullion-committee," appointed by Parliament to investigate the calamitous condition of British financial affairs and their inconsistency with the theories too generally believed, recognized the actual depreciation and declared that this was the cause of the general advance in prices. Its main conclusion was that "the country ought to be brought back with as much speed as is compatible with a wise caution to the original principle of cash payments at the option of the holders of bank-notes."

The highest officials of the time, the London bankers, and the nation at large, with the exception of a few thinking men, long continued to re-assert that the large volume of the currency had nothing to do with the rise in prices; that the bank-notes had lost nothing of their value, and that no restriction of the circulation was needed. It was not until eight years afterward that the public had been instructed by the logic of events, and, with few exceptions—which, however, included the directors of the Bank of England—the truth of the doctrines held by the committee was universally admitted.

The following axioms were regarded as incontrovertibly established:

If gold is at a premium in paper, the paper is redundant and depreciated, the premium measures the depreciation.

If the inferior currency be removed, the exchanges will be turned, the overflow will stop, and, if any vacuum is created, gold will flow in to supply it.

A better and a worse currency cannot circulate together. The worse will drive out the better.

The views of the committee have long continued to be, in substance, the laws of finance in Great Britain; and for more than thirty years the use of bank-checks and other modern means of facilitating payments has been so great that there has been no material increase in her paper currency, although during the same time her commercial transactions have been multiplied fourfold.

The depreciation of the currency of France, under the regency of Louis XV., has become proverbial. At its origin it had its advocates, but although France prohibited the use of coin and decreed even the penalty of death for those who refused to receive the paper at par, it fell until the nominal equivalent of one hundred dollars would buy only a single pound of butter. At last it became utterly worthless; the people, by common consent, returned to a specie currency; and the author of the scheme only escaped from the country at the peril of his life.

Austria has been slower to learn, and her disasters have been prolonged to a much more recent date. Sixty-five years ago her currency was so far reduced in value that she issued "redemption notes," in which it was to be "redeemed" at the rate of three to one. This having failed, she over and over again, under new names, such as "Viennese legal-tender" and "anticipation notes," vainly sought to provide substitutes for a metallic standard. In 1873 she suffered from a panic bearing a close resemblance to our own. After her war of 1866 large issues of paper money were made, which led to a belief in the abundance of capital and to speculations of all kinds. The government itself gave aid by guaranteeing dividends on various railroads. The market was glutted with an immense quantity of so-called securities, in which it was for the time impracticable to distinguish between the good and the bad. The inevitable crash ensued. As in this country, the leading speculators were

the first to suspend. Their example was soon followed by a multitude of smaller operators. Even the strong houses were shaken. The bourse was closed to prevent violence among its more adventurous members, some of whom committed suicide.

In the yet brief history of the United States and Canada the same lesson has been no less imperatively taught. I pass over the examples to be found in the records of the individual States and colonies. Franklin himself, early in the revolutionary war, warmly approved the issue of bills "on the faith of the continent." One member of the Congress, who seems to have been alone in his views, or in the courage needed to avow them, urged taxation, but was bluffed by one of the almost unanimous majority, who, in a spirit of which we have conspicuous examples in our own time, asked "if he was to help to tax the people when they could go to the printer's office and get a cart-load of money." The currency decreased in value until monstrous sums were needed to buy a cow or procure a frugal meal. It became exchangeable only at the rate of a thousand dollars for one sound dollar. This, too, in spite of penal laws to enforce the impracticable wishes of Congress. The historian of the time says :

Wealth was accumulated by the dishonest multitudes of contractors and the many defrauders of that unhappy period, while more deserving men felt that it had been plundered from their own coffers for the aggrandizement of such people.

No thoughtful statesman ever overlooks the precedents establishing the positive conclusion that wherever legislators have attempted by penalties to compel the people to take irredeemable paper at par with coin the laws of the strongest alike with the weakest governments have signally failed in enforcing their wishes.

Stripped of the sophistries with which it is frequently surrounded, the necessity of a fixed standard of value in all the commercial and monetary affairs of the nation is so clear that he who runs may read it. Paper money may be freely used ; checks or bills of exchange, aided by the railroad, telegraph, and post-office, may transact



nearly all such business of the country as is on a large scale, and tend to prevent any exorbitant rate of interest; but it is essential that all these means should simply represent one universal and uniform standard. Without this guard, they become uncontrollable and unsound—extortionate taskmasters instead of good and faithful servants.

In the minds of many men affairs of state are surrounded with a confusing mystery, as if the principles of ordinary facts and common sense could not be applied to them. Yet it is plain that trade in grain of any kind would be placed under such enormous disadvantages as to render it almost impossible if the bushel measure of to-day might be larger or smaller to-morrow from causes the farmer or merchant could not foresee and altogether independent of their control. The dealers in textile fabrics, and in land itself, would be in strange predicaments if the yard and the foot were subject to great and frequent variations, and might represent at one time little more than a third of their measure at another. Yet the obstacle which has been thrown in the way of the trade and prosperity of the country is almost exactly of the same nature. The "legal-tender" dollar at one time was worth little more than a third of the true dollar, and continually changes from day to day, making trade uncertain and values of all kinds doubtful. No man knows when he rises what they may be that morning, or when he goes to his place of business what they may be before the sun sets. It is an established fact that the greatest possible certainty of value is attainable only by enforcing the standard of the precious metals; they become the property of whatever nation or individual will give most for them. Their portability and the universal recognition of their value throughout the world make them the natural and least fluctuating medium of exchange, and arbitrary legislation has been and seemingly always will be unsuccessful in discovering or enforcing any stable substitute for them.

Gold, by the Constitution of the United States, is a legal tender, and, as a necessary consequence, the standard of value. That instrument gives no authority or power to

any department of the Government to issue legal-tender paper, or a currency payable on demand. The only ground upon which it was issued during the civil war was that of seeming necessity, it being supposed that the existence and supremacy of the Government were involved. Without entering into the conflicting decisions of the Supreme Court of the United States, it is sufficient to know that they endorsed the issue of legal tender, but only as a war necessity. It necessarily follows that it could not otherwise be legally issued. Under a proper construction of the Constitution this is impossible; and as democrats adhere to that instrument, they cannot for a moment contend for such a proposition.

When the legal tender issued by the Government is withdrawn, it must cease to issue more or any paper currency whatever.

The right to control the financial affairs of the country by increasing the circulating medium at his own will is too dangerous a power to be lodged in the hands of the Secretary of the Treasury. That high official is seldom chosen for his adaptation to the special duties devolved upon him. He may be one who has attained political rank, yet be profoundly ignorant of the simplest facts and principles in modern science, and become a mere partisan intriguer. At another time the holder of that office may be a man of sterling principles, sound doctrines, and pure character; but in the change of parties there can be no certainty of this. We know the common weaknesses of human nature, and should guard against them by making the temptations to do wrong as few and slight as possible. Hence the aim of all good citizens should be to separate the Government from the business of banking. It cannot remain in the hands of the Government without creating such centralization and influences as are hostile to the spirit and perpetuity of republican institutions.

Upon the withdrawal or redemption of the legal tender and the resumption of specie payment, the issue of new currency should be practically free to the banks to any extent on the deposit of national bonds as security for the circulation. Under these conditions there would be free trade in money. The law of supply and demand would solve



the question of the currency, and the largest practicable amount of benefit the banks can render would be attained, while the circulation would be kept within moderate limits and gradually attain the true and honest standard of the world. As one of the ultimate results, the time may come when their notes, amply secured by Government bonds, in a proportion which will assuredly command specie, may be accepted by the Government in payment of its dues and re-issued for its current expenses.

I do not know any more striking instance of the forgetfulness of yet recent history and the superficial consideration, too often with the most deplorable results, given to the affairs which concern us all, than the impression on the minds of some candid men, and the loud and reiterated assertions of others, that the democrats are the party of inflation, and the republicans are the most reliable supporters of a sound currency and a return to specie payment. The traditional policy of the democrats is that of a currency redeemable in hard money, and will be so to the end. Individuals are to be found who on other points agree with them, but believe in the pernicious doctrine of an irredeemable currency. They are not the party, and misrepresent its well-known and hitherto universally admitted tenets. On the other hand, the republicans, from the beginning of their possession of power to the present time, have uniformly practiced the fraud, and attempted to justify it, until their efforts were no longer availing. They took from the banks the power of paying in specie, are responsible for the whole existing system of paper money, and in the height of their delusions took from it the redemption in national bonds which would certainly have led the country safely to specie payments many years ago.

Some, although holding general allegiance to the republican party, were so far patriotic and wise as to warn it against the cause from which most of our financial evils sprang, and have since wrung from it spasmodic promises of reform which have been as often broken.

There are many conspicuous instances of this practical deception. One of them was the first act of Congress approved by President Grant after his inauguration. In



clear and terse words it explicitly declared that "the faith of the United States is solemnly pledged to the payment in coin or its equivalent of the United States notes," and that Congress "pledges its faith to make provision at the earliest practicable period for the redemption of the United States notes in coin." The hopes thus given were fallacious. The congressional majority arrested the contraction begun by McCulloch when Secretary of the Treasury, and were supported by the illegal inflation by Boutwell and his successor. Six years ago, in 1870, the premium on gold fell to  $8\frac{1}{2}$  per cent., and yet it was not long ago  $17\frac{1}{2}$ , and is now about 13. During the last six years, under republican control, paper money has receded farther from approaching to an equality with gold.

The people are vitally interested in a return to a specie basis. The paper they now receive for services, daily toil, and general business purposes is worth only eighty-seven cents on the dollar, through its depreciation to that extent below gold value, which they pay for nearly all the articles required for daily use. No sophistry can long continue to delude them, while a vigilant press penetrates the remotest parts of the country, into a belief that such depreciated and inconvertible paper money is the best currency.

The expediency of a return to specie payments may now be taken for granted. The present time is the most opportune we have had since inflation began for making vigorous preparations for specie payments. The premium on gold has been reduced by commercial causes, apart from legislation, from  $185\frac{1}{2}$  to 12 or 13 per cent., thus indicating that the remaining steps to gold at a par rate with notes can gradually be safely retraced by no extraordinary amount of statesmanship, provided it is sincere and persevering. Since the war began the circulating medium has increased three times as fast as the population. In New York the accumulation of money and the low rate at which it may be had are unprecedented; but a few borrowers whom the capitalists will trust are to be found. Low as the rate of interest throughout the world has long been, money was, for several months, cheaper in New York than in the great cosmopolitan market of London, the difficul-

ty of our capitalists having been to find profitable employment for their currency at home. A similar state of affairs prevails, though in a minor degree, at Chicago, Cincinnati, and the other great financial centres of the Union. Even the bill passed June 20, 1874, with the intention of increasing the currency, has proved, as clearly as the thermometer shows temperature, that more is not needed, and that there is a redundancy above the wants of the people. Under its operations, and after allowing for the new circulation, there has been a net contraction of the paper currency to the amount of over twenty millions within a year. Banks are unable to employ their money at fair profits. The legal-tender and other reserves held by the banks of the country at this time are largely in excess of the requirements of the law.

The abundance of money throughout the civilized world affords peculiarly favorable opportunities for funding or obtaining specie and foreign credits, which, to a certain extent, are identical with each other. The futility of expanding the currency was signally demonstrated by the Secretary of the Treasury, during the panic of 1873, who issued, without authority of law, \$26,000,000 of notes, in the vain hope of relieving the money market. These notes did not enter at all into the general circulation, but were hoarded by saving-banks and trust companies, as were those which had been already withdrawn from the banks of discount and deposit. Large exportations of grain to Europe from this side of the Atlantic are expected. Our imports have enormously shrunk. The people themselves are more than usually free from debt; and last, but not least, is the encouraging fact that their minds have been long and carefully prepared by an increasingly intelligent press, never before so sound and well informed on financial topics, to take more than superficial views and look beyond the delusions of what is merely immediate and temporary to that which, though slightly more remote, is permanent and real. The Government, at present unable to redeem its promises to pay, may never again have so good an opportunity of beginning the process of exchanging its bonds at a low rate of interest, or the national banks of laying up the reserves of specie, on which, in



their hands, under the wholesome law of free competition, the restoration of prosperity depends.

On the other hand, if the policy of the expansionists could be followed, the return to specie payments and the successful funding of the debt, long ago due on demand, but yet unpaid, will become more and more difficult, until, as we have seen has repeatedly been the case in other countries and our own, the control of legislation will be lost, broken promises will be renewed only by making more of them, and widespread disaster, misery, repudiation, and national dishonor will ensue. We have reached a point where any expansion of an irredeemable currency means its indefinite increase, and are approaching that crisis against which the united wisdom of many generations warns us, in the maxim that the descent to destruction is easy, but the labor and work of retracing our steps is difficult, if not impossible.

We have now arrived at the period when inflation no longer inflates. In the body political and financial, as in the human body, there is a point where the power of stimulants ceases and can no longer prevent collapse. This is the law of all serious panics and their results. There is a great shrinkage in business, and no important revival can be expected until a new financial system which will deserve and receive public confidence is fairly begun. In proportion as there is a cry for inflation, capital, proverbially timid, seeks for safety, withdraws from enterprise, and refuses to employ labor. Until the future policy of the Government is permanently settled, there can be no real renewal of the commercial and general prosperity of the country.

The act of January 14, 1875, passed by the last republican Congress under the previous question, cutting off all debate, has done more than any other single measure to produce expansionists. It has created alarm in business circles and given to inflation an importance it could not otherwise have attained. The impression is that if the act be rigidly enforced the contraction of the currency will of necessity be so rapid as to produce again widespread disaster, and such undoubtedly would be the case if resumption were really enforced at the date named for



it, January 1, 1879. While the majority of the House is not responsible for this act or its consequences, it should not be repealed unconditionally and without substituting for it some better measure having for its object the resumption of specie payments at the proper time. A modification of the law, one more in accordance with the true interest of the country, will be no doubt effected. So long as the Government continues practically to insist that its own notes are of an inferior value to the precious metals, a most serious financial error is committed, and a policy in opposition to the resumption act, and far-reaching in its effect, is perpetuated. I express only the general opinion of the most sagacious financiers when I say that so long as this barrier remains specie payments cannot be attained for many years.

I regard a moderate contraction of legal-tender as indispensable and vital to the resumption of specie payments. It is the necessary guarantee to be given by the national legislators to the people that they may confidently rely on the sure approach of a sound currency, but so far as it is enforced it should be so gradual as not to disturb too violently the various existing interests of the production, commerce, and property of the country. This should be done by funding legal-tender paper into bonds at the lowest practicable rate of interest. This simple process, fairly carried out, would probably turn the foreign exchanges in favor of this country to such a degree that we should not only retain the immense product of our own mines, but that there would be returned to us a sufficient amount of the precious metals, now driven away to other lands by excessive paper issues, to enable us to resume specie payments. All this would be done by a process perfectly natural and in strict harmony with the well-settled principles of trade and finance. The time to resume will be when we are prepared to do so, and is not within the ken of legislators, be they ever so wise, to fix it definitely by statute.

At the same time there should be some definite and absolute provision for moderate but steady contraction. Among the possibilities of the future is such a demand for money as would make it unprofitable for the banks

to convert the legal-tender they hold into bonds at the lowest rate of interest. I would, therefore, suggest as a means of gradual contraction, and with a view to rendering more certain the resumption of specie payments, that if the Government should authorize the purchase and cancellation of some moderate amount, say \$1,000,000 per month, of the legal-tender notes, and authorize the Secretary of the Treasury to sell 5 per cent. bonds—if bonds at a lower rate of interest cannot be negotiated—of the United States to provide funds for that object, the first great step would be taken towards resumption, without injury to the financial and business interests of the country. Under the recommendations of Mr. McCulloch, when Secretary of the Treasury, contraction on a larger scale was begun, but Congress, fearful of the effect, withdrew its assent. I propose that the rate and method of contraction shall be so gradual that Congress can have no excuse for again intervening. Rigid adherence to such a course would indicate a determination to return to a sound foundation; the absence of the inferior currency would be gradually supplied by the superior; the problem as to the method of resumption would be solved, and the system work itself out by a natural process, while individuals and the banks would have ample time to prepare for a new condition of affairs. Business being thus adjusted upon the new basis, confidence would return, and with it prosperity prevail.

The country is disposed to look to the democratic party for a return to the economy and integrity in the administration of public affairs and for the introduction and adoption of measures well calculated to restore to a safe and harmonious basis the financial, commercial, and material interests of the nation. It yet remains to be seen whether the leaders fully recognize the exigencies of the occasion and realize the necessities and hopeful expectations of the people.

## DISTRIBUTION OF THE GENEVA AWARD.

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HOUSE OF REPRESENTATIVES, May 23, 1876.

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A bill ignoring the legal rights of parties on whose behalf the Government of the United States obtained the award by the tribunal of arbitration at Geneva and collected the money from Great Britain, or postponing its payment until certain invalid and improperly preferred claims, rejected by the tribunal and indefinite in amount, have been satisfied, having been reported from the Judiciary Committee, a remonstrance was addressed to both houses of Congress by several of the chief insurance companies, and presented in the House of Representatives by Mr. Ward, and at his request read by the Clerk. Mr. Ward then said:

MR. CHAIRMAN: At the request of many of my constituents, who are deeply interested, and in accordance with my own sense of right and duty, I present to the House, as briefly and distinctly as I can, my views on the important subject of the distribution of the funds awarded by the tribunal of arbitration at Geneva. In my opinion the length of the discussion regarding it is to be attributed rather to the magnitude of the amount involved than to any intrinsic difficulty in understanding or determining the principles of law and justice so far as they are applicable to this case.

During the war various insurance companies and private claimants sent memorials to the Department of State, setting forth their demands against Great Britain for losses growing out of the destruction of vessels and their cargoes by the cruisers of the insurgents, and requested the interposition of the Government of the United States in their behalf. The underwriters, confidently relying on the ultimate protection of their rights by their country, from time to time, as they paid for vessels and cargoes destroyed by the cruisers, communicated to the State Department full, formal proofs of the facts and of the value



of the losses. The Department, through the Hon. William H. Seward, then Secretary of State, punctiliously, as was his duty, replied to each of the statements thus made, and transmitted the claim "to the United States Minister at London, with a view to such reparation as may be justly due."

Afterwards, when the war was over, the Government, through the Department of State, issued an official notice, dated September 22, 1865, calling upon "citizens of the United States having claims against foreign governments, not founded on contracts," to forward them to that Department, urgently asking compliance "without delay," and accompanied the notice with rules for the guidance of applicants, directing the insertion in each claim of a request "for the interposition of this Government with the foreign government against which the claim is presented." In accordance with the trust thus confided to our Government by the sufferers, the claims were duly presented to the Government of Great Britain and subsequently to the tribunal at Geneva.

In pursuance of the same line of manifest duty, requiring every government to afford due protection to its citizens or subjects, Mr. Fish, as Secretary of State, replied to letters enclosing claims of the class already described, promised that his Department would "present to the tribunal at Geneva, to be taken into account in estimating the sum to be paid to the United States, all claims growing out of the acts of the several vessels which have given rise to the claims generally known as the Alabama claims," and requested that they might be presented in due time.

The claims were duly presented by our Government to the tribunal at Geneva, in accordance with the treaty of Washington. Throughout all the proceedings they were uniformly treated as the claims of private parties, who on their part placed implicit, unquestioning trust and confidence in the due protection and good faith and integrity of the Government. All doubt or question as to their rights or the disposal of the funds is an afterthought, having no origin in the tribunal and contrary to its intentions and conclusions.

In formally submitting its case to the tribunal, the Government of the United States placed first in the general statement of the claims for which it asked reparation "the direct losses growing out of the destruction of vessels and their cargoes by the insurgent cruisers." The other injuries for which compensation was sought were—

The national expenditure in the pursuit of those cruisers ;

The loss in the transfer of the American commercial marine to the British flag ;

The enhanced payments of insurance ;

The prolongation of the war, and the addition of a large sum to the cost of the war and the suppression of the rebellion.

Great Britain objected to the presentation of the three latter classes of claims, and refused to proceed with the arbitration unless they were withdrawn. The United States refused to withdraw them. A failure of the arbitration was imminent. At this crisis, the president of the tribunal, on behalf of all the arbitrators, announced that they, after the most careful perusal of all that had been said on the part of the Government of the United States in respect to these classes of claims, had "arrived individually and collectively at the conclusion that these claims do not constitute, upon the principles of international law applicable to such cases, good foundation for an award of compensation or computation of damages between nations, and should, upon such principles, be wholly excluded from the consideration of the tribunal in making its award." The United States authorized their agent to state that they accepted this declaration as determinative of the judgment of the arbitrators on the important question of public law involved, and that these classes of claims might be excluded from consideration in any award that might be made.

Subsequently, by protocol 27, dated August 29, 1872, a majority of the tribunal decided to reject the claims for expenditures incurred in pursuit of the cruisers, on the ground that they were comprised in the cost of the war.

Thenceforth there remained only for consideration by the tribunal the claims for direct losses growing out of

the destruction of vessels and their cargoes by the insurgent cruisers. The basis of the award was further and distinctly narrowed down by the tribunal to the private losses growing out of the destruction of vessels and their cargoes by the acts of the *Alabama*, the *Florida*, and their tenders, and the *Shenandoah* after she left the port of Melbourne. In accordance with this decision the arbitrators requested the Government of the United States to furnish them with definite information as to the amount of such losses, and, complying with the request, on the 19th of August, 1872, a schedule was presented in behalf of our Government enumerating specifically the vessels destroyed by the cruisers for whose acts Great Britain was held to be liable, showing the value of each vessel so destroyed and of her cargo, as proved by the claims filed for it, including those of the insurance companies.

The judgment of the tribunal was that there had been a violation of the obligations of neutrality on the part of Great Britain; that she was consequently "responsible for the American ships which were destroyed by the vessels in question." In view of this decision, the only remaining duty of the tribunal was either to ascertain and award to the United States such a sum in gross as was deemed sufficient to cover those private losses, as it was empowered to do by the seventh article of the treaty, or to remit the duty of auditing each claim for the losses to a board of assessors, as provided in article 10. The former was deemed the most satisfactory course. Its adoption was requested on the part of this country, and the gross sum of \$15,500,000 was accordingly awarded to the United States. The majority was four to one. The award, of course, included alike such of the destroyed vessels as were insured and those which were uninsured. In determining what sum in gross should be awarded, the tribunal considered the claims on the proofs submitted to it, those of the insurance companies being the most conspicuous among the claims thus submitted.

The United States have now received the money, have admitted that it is not their own, and established a special court for its distribution; but have closed its doors against every insurance company which cannot show that its whole



business during the four years of the war, so far as the war risks were concerned, was unprofitable.

At this point it becomes necessary to consider the principles on which marine insurance is conducted among commercial nations. It has always been regarded as a proposition thoroughly established, that whatever is recovered of the ship or cargo insured is the property of the insurer who has paid the original owner the value of it. It would be superfluous to spend time in proving this undeniable proposition. Daniel Webster said of it:

There is no more universal maxim of law and justice throughout the civilized and commercial world than that an underwriter, who has paid a loss on ship or merchandise to the owner, is entitled to whatever may be received from the property. His right accrues by the very act of payment. And if the property or its proceeds be afterwards recovered in whole or in part, whether the recovery be from the sea, from captors, or *from the justice of foreign states*, such recovery is for the benefit of the underwriter.

It was upon this principle that the claims of our people to reparation for the British violations of the laws of neutrals were advanced by our Government. On the part of Great Britain, the justice of our case thus urged was distinctly admitted in the words—

The American insurance companies who have paid the owners as for a total loss are, in our opinion, entitled to be subrogated to the rights of the latter, according to the well-known principle, that an underwriter who has paid as for a total loss, acquires the rights of the assured in respect of the subject-matter of insurance.

The principle of marine insurance requiring that the parties who have paid the owners in full for their loss shall have whatever may be afterwards recovered is seen, even on slight reflection, to be founded on morality and justice. It resembles that involved where payment of a note is guaranteed for a pecuniary consideration, and, the maker refusing to pay, the note is paid by the guarantor, but afterwards collected from the maker. Obviously the guarantor, who has paid the owner in full, is entitled to all that is recovered. Or, to take an illustration yet more

closely analogous to the case in point, a vessel fully insured does not arrive at the port when she is expected. The parties who have agreed to pay for her in case of loss honorably fulfill their engagement, and fully indemnify the owners. Ultimately the vessel, having been detained by unforeseen causes, comes to port. To whom does she belong? Manifestly not to the original owners. They have been paid, and in law and justice have transferred their claim to those who paid them. The risk has been run, but there has been no loss. Yet further from all right would it be for any third party, even the United States, to step in and, by the power of force, give the vessel to other parties.

We are not approaching the subject of the disposal of the amount paid to us as if the money were our own, to be given as we choose. Two-thirds of it remain undistributed. It was awarded for specific purposes and for no others, and the money was paid to the Government of our country for parties whose claims were admitted to be just, and who had confided them to the Government as their best and truest trustee.

The bill reported by the majority of the Judiciary Committee makes provision for three classes of claims. It provides :

That the first class shall be for claims directly resulting from damage done on the high seas by Confederate cruisers during the late rebellion, including vessels and cargoes attacked on the high seas, although destroyed within four miles of the shore, except as provided for in section 11 of said chapter 459. The second class shall be for claims for the payment of premiums for war risks, whether paid to corporations, agents, or individuals, after the sailing of any Confederate cruiser. The third class shall be for claims for sums actually paid for insured property destroyed on the high seas by such Confederate cruisers, except sums for which judgments have been entered under section 12 of said chapter.

That judgments entered in the first class shall be paid before judgments of the second class are paid ; and judgments of the second class shall be paid before judgments of the third class are paid. If the sum of money so unappropriated shall be insufficient to pay the judgments of the first class, they shall be paid according to the proportions which they severally bear to the whole amount of such unappropriated sum. If such sum shall be sufficient to pay the judgments of the first class, and not suffi-

cient to pay the judgments of the second class, the latter judgments shall be paid according to the proportion which they severally bear to the residue of such unappropriated sum. If such sum shall be sufficient to pay the judgments of the first and second classes, and not sufficient to pay the judgments of the third class, they shall be paid according to the proportions which they severally bear to the residue of such unappropriated sum after the payment of the judgments of the first and second classes.

The Geneva tribunal adjusted only the liability of Great Britain for the admitted depredations committed by the Florida, Alabama, and Shenandoah after leaving Melbourne, and their tenders, the Tuscaloosa, Clarence, Tacony, and the Archer, and excluded from consideration, in the award of damages, the Georgia, Sumter, Nashville, and other exculpated cruisers. In opposition to this decision, the bill allows to be presented claims resulting from damage done on the high seas by all "Confederate cruisers during the late rebellion," without the limitation imposed by the arbitrators and in direct conflict with the intent and decision of the chosen tribunal.

In equally bad faith is the provision allowing claims for the payment of the premiums on war risks which were distinctly ruled out by the tribunal. This ruling was recognized and accepted by the agent and counsel who represented our Government at Geneva; and to make yet more glaring the enormity of the proposed bill, the claims of the insurance companies, which seem to come clearly within the award, are placed in the last class, without possibility of payment after the wrongful demands, excluded by the tribunal but placed by the bill in the first and second classes, have been satisfied.

The majority of the Committee say, with an evident desire to palliate the transparent injustice they suggest inflicting on the insurance companies, that the first class of claims for which provision is made in this bill will not, they think, exceed \$1,500,000, and the second class \$5,000,000, leaving \$4,000,000 for the insurers. A significant commentary on these estimates is that the chairman of the Judiciary Committee in the last House, who urged the same interests as have priority in the report made by the majority of the present committee, in answer



to a question by another honorable member, replied that the bill then under consideration, and which is now a law, would require only \$3,000,000 to satisfy the claims for which it provided. As matter of fact it has taken between eight and nine millions. The probability is that the first two claims for which provision is made in the bill reported by the committee would swell in larger proportions.

It would be difficult to find in the whole history of pernicious legislation a precedent more dangerous to public and private integrity than the perversion of the funds our country has obtained from Great Britain for specific purposes, which were admitted to be just, to other purposes for which they were not and never would have been awarded. There is no doubt how the courts would decide, and I regret that a knowledge that no court in equity would reject the doctrine of subrogation as applied to the insurance companies, should be assigned as a reason why Congress ought to take the matter into its own hands and make its own will the law. It is bad enough that Congress should disregard settled principles and rules as to the rights of property, but that such a doctrine as this is avowed in open debate in this House is deeply to be deplored. Having called to our aid in settling the claims of our citizens against the British government, men of the most profound legal knowledge and the highest character among other leading nations of the world, the attention of civilized mankind is directed towards us. The reputation as well as the honor and honesty of our country is at stake, and if we fail in our duty, we shall be deemed now and through future history to have added publicly and as a nation a portentous illustration to the already long catalogue of the too prevalent characteristics of the times.

While the facts I have presented are beyond doubt or cavil, the considerations which should regulate our decisions as to the Alabama claims are so unquestionable as to be out of the region of debate. I repeat that the Government of our country obtained the money through the award of a great international court appointed by the leading civilized nations, with the hope not only of

solving the difficulties which then existed, but of establishing a precedent which would tend to promote human progress by substituting just and honorable arbitrament for settlements through brute force and the horrors of war. We are bound to respect the rulings of the court; and those whose good opinion is best worth deserving will judge us by the disposal we make of the funds committed to our charge.

Our Government obtained the award as damages for destruction of the private property, and on proofs supplied by its owners. As the Government itself never owned the property, it cannot possibly be the rightful owner of the damages or have any right to confiscate them.

In presenting the claims before the court as grounds for damages, the Government insisted upon their validity. If it has now discovered that they were invalid and that it was an error to present them, only one alternative remains. The plain and common rules of honesty and fair dealing are as obligatory in arbitraments between nations as between individuals; and if, after recovery of damages, the plaintiff nation ascertains or becomes convinced that the recovery was founded on wrong or error, it is bound in honor and good faith to return the sum improperly collected. While Great Britain would doubtless be unwilling to receive again any part of the sum she has paid to the Government of the United States under the award, she cannot be expected to regard without interest an alienation of the money and its application to objects for which, by so high a tribunal, it has been decided that she is not responsible.

The duty of the Government, apart from this alternative, is plain and simple. Having received the money as the value of private property, it is bailee or trustee for the owners. Repudiation of the trust or bailment by any individual under the same circumstances would be severely punished in a court of justice. The nation cannot be sued, but it is therefore so much the more firmly bound by higher considerations of right and policy to render no less justice than the private trustee would be constrained to do. All fair consideration of this subject leads to the

same conclusions. The only just claim on the part of the Government is the one per cent. interest, the difference between what it has paid and received. This is fairly its right, and should be covered into the Treasury.

The Government ought freely and promptly to submit all claims upon which the award was based to proper audit before the distributing tribunal, where they can be heard upon their merits and decided in accordance with the principles of legal right. No other course will afford substantial or valid protection to the national Treasury, and any indirect or arbitrary procedure cannot fail to disgrace our country in the estimation of the whole civilized world.



## NATIONALITY OF THE DEMOCRATIC PARTY AND ITS IMPORTANCE TO THE UNION.

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HOUSE OF REPRESENTATIVES, March 31, 1858.

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At this time the bond of fraternity between the Northern and Southern States had been weakened by agitating the question of slavery in Kansas. Mr. Ward foresaw that the result might be a forcible disturbance of the harmony of the Union. He believed that no prophetic spirit was required to foretell the disastrous consequences that might ensue, and hoped to avert them and dismiss the discussion from the halls of Congress, by admitting Kansas as a State, when her people would have the usual power to make such changes as they may think proper in their government, subject to the Constitution of the United States.

MR. CHAIRMAN: The subject of admitting Kansas as a State under the Lecompton Constitution has been so fully and ably discussed by the distinguished members of this honorable body, that no new view can be presented of the immediate points in issue. It has occupied the attention of Congress until, I am sure, the whole country must be wearied of the discussion. It is a matter of deep regret that so large a portion of the time of this Congress has been thus absorbed. The nation, has just passed through one of those periodical financial revulsions which result from inflated issues of bank paper, overtrading, and speculation, leaving thousands in hopeless bankruptcy, all branches of industry arrested, and commerce paralyzed; and yet nearly four months of the session are gone and not one effort has been made, one word of hope or consolation uttered, or any measure of relief brought forward in Congress that exhibits an interest, or sympathy even, with those upon whom calamity has fallen so heavily. A sectional and political excitement has been engendered,

which, while it may not precipitate a dissolution of the Union, weakens that bond of fraternal intercourse which should always exist between different sections of our common country. My position was early taken from a deep conviction of duty to the nation and my party; my constituents have left me free to take such a course as my judgment dictated; and whether I meet with their approbation or not, I know they will accord to me an honesty of intention and a rectitude of purpose. While my own immediate constituents have confided in my judgment, I have not been unmindful that the united democracy of the city of New York, of which my district is a part, and the local organizations, have cordially approved of the action of their Representatives who sustain the admission of Kansas under the Lecompton Constitution; that the democratic press, the democratic members of the Legislature, and the leading men of their party present an unbroken front in support of the Administration, and exhibit a unity of action that has not been witnessed in our State for many years upon any other prominent public question.

In addition to this concentration of public opinion, I have not been insensible to other influences. The city of New York is the largest commercial city in the Union. In 1856-57, five-eighths of the total imports into the United States were imported into that city; one-third of the exports, one-third of the domestic produce, and over one-half of the foreign produce, were exported therefrom; and there were collected at the custom-house there within the same time, forty-three and a half millions of dollars upon dutiable imports; its banking capital, exclusive of that of private bankers, in 1857, amounted to sixty-five and a half millions, and it also has many more invested in other corporations, and in domestic manufacture and trade. These, too, are but a part of the vast interests that centre there. These sources of wealth, power, and greatness cannot but suffer by the continued agitation of this Kansas question, ending as it may in disturbing the harmony of the Union, without resulting in any practical good to the persons the slavery agitators desire to benefit.

It is not to be denied that we are a commercial people,

and that to commerce we are indebted for our advancement, growth, and prosperity as a nation. The majestic vessels which carry our products to other climes, penetrating every sea-port, bear with them civilization, and instruct other nations that a power here exists that cannot be disregarded. The commercial prosperity of my city, the whole country, the onward progress of commerce, and the agricultural and the other departments of industry, are involved in the public questions which from time to time agitate the country. Impressed with the value and importance of the Union to my constituents, I find reasons, in addition to party considerations, for pursuing the course best calculated to end the present agitation, and once more restore amity and good feeling. No one who has observed closely the events in Kansas for the last few years can fail to trace to its proper source the present excitement, and perceive the urgent necessity of investing the people of that Territory with the rights of sovereignty, so that they may exercise the functions of a State government, and relieve Congress from further interference. No analogy can be drawn between the grievances of the American colonies prior to the Revolution, as attempted by my colleague [Mr. HASKIN], and the alleged complaints of a part of the people in Kansas. In the former case, Great Britain persisted in controlling local affairs; and in the latter, Congress desires, in the most speedy way, to confer all power upon the citizens of that Territory to manage their own affairs in their own way, subject to the Constitution of the United States.

Mr. Chairman, from the course the debate has taken, an apprehension would prevail with those not cognizant of the facts that a foul and deep wrong was about to be perpetrated upon the people of Kansas; that the provisions of the Kansas-Nebraska act were to be violated, and the platform adopted at the Cincinnati Convention relating to the question of slavery ignored. To demonstrate that this is mere clamor, it is proper that I should briefly refer to a few antecedent events. The act referred to, passed in 1854, has this provision :

“ When admitted as a State, the said Territory or any portion of the same, shall be received into the Union, with or without



slavery, as their constitution may prescribe at the time of their admission ; it being the true intent and meaning of this act not to legislate slavery into any State or Territory, nor to exclude it therefrom, but to leave the people thereof perfectly free to form and regulate their domestic institutions in their own way, subject only to the Constitution of the United States."

The territorial government of Kansas was organized under the act containing this section. The resolutions of the Cincinnati Convention, relating to slavery and territorial organization, were as follows :

"And that we may more distinctly meet the issue on which a sectional party, subsisting exclusively on slavery agitation, now relies to test the fidelity of the people, North and South, to the Constitution and the Union—

"1. *Resolved*, That claiming fellowship with, and desiring the co-operation of, all who regard the preservation of the Union under the Constitution as the paramount issue—and repudiating all sectional parties and platforms concerning domestic slavery, which seek to embroil the States, and incite to treason and armed resistance to law in the Territories ; and whose avowed purposes, if consummated, must end in civil war and disunion—the American democracy recognize and adopt the principles contained in the organic laws establishing the Territories of Kansas and Nebraska as embodying the only sound and safe solution of the slavery question upon which the great national idea of the people of this whole country can repose in its determined conservatism of the Union—NON-INTERFERENCE BY CONGRESS WITH SLAVERY IN STATE AND TERRITORY, OR IN THE DISTRICT OF COLUMBIA.

"2. That this was the basis of the compromises of 1850, confirmed by both the democratic and whig parties in national conventions, ratified by the people in the election of 1852, and rightly applied to the organization of Territories in 1854.

"3. That by the uniform application of this democratic principle to the organization of Territories, and to the admission of new States, with or without domestic slavery, as they may elect, the equal rights of all the States will be preserved intact, the original compacts of the Constitution maintained inviolate, and the perpetuity and expansion of this Union insured to its utmost capacity of embracing, in peace and harmony, every future American State that may be constituted or annexed with a republican form of government.

"*Resolved*, That we recognize the rights of the people of all the Territories, including Kansas and Nebraska, acting through the legally and fairly expressed will of a majority of actual residents, and whenever the number of their inhabitants justifies it, to

form a constitution, with or without domestic slavery, and be admitted into the Union upon terms of perfect equality with the other States."

It will be observed that neither the act nor resolution contemplated that the constitution of Kansas should be submitted to the people. They intended, unquestionably, that the people should have power to "regulate their domestic institutions," but whether through a submission or a convention was left undetermined. A sentiment and feeling, however, grew up during the canvass that the slavery clause should be submitted, and was acquiesced in, which would have been a full compliance with the act and the platform, leaving the constitution otherwise to be formed in such manner as the people judged best. I do not mention these facts as approbatory of non-submission, for I should have preferred that the whole constitution had been voted upon. But whether that could or could not have been done, it rested with the people and the convention to decide. Such has been the uniform practice, I believe, relating to the territorial action for the admission of new States, except when controlled by legislative action. I mention this because my colleague [Mr. HASKIN] has sought to create the impression that the question of submission of the whole constitution entered into the last presidential campaign as a distinct issue. Whatever individuals may have done, I assert that it was not then made a part of the democratic creed. In confirmation of this position I cite the following passage from the address of acting-Governor Stanton, under date of April 17, 1857 :

"The government especially recognizes the territorial act which provides for assembling a convention to form a constitution with a view to making application to Congress for admission as a State into the Union. That act is regarded as presenting the only test of the qualification of voters for delegates to the convention, and all preceding repugnant restrictions are thereby repealed. In this light the act must be allowed to have provided for a full and fair expression of the will of the people, through the delegates who may be chosen to represent them in the constitutional convention. I do not doubt, however, that, in order to avoid all pretext for resistance to the peaceful operation of this law, *the convention itself*

*will, in some form, provide for submitting the great distracting question regarding their social institution, which has so long agitated the people of Kansas, to a fair vote of all the actual bona fide residents of the Territory, with every possible security against fraud and violence. If the constitution be thus framed, and the question of difference thus submitted to the decision of the people, I believe that Kansas will be admitted by Congress without delay as one of the sovereign States of the American Union, and the territorial authorities will be immediately withdrawn."*

This question of submission has recently arisen, and has been seized upon since the commencement of this Congress, and made the basis for assailing the President of the United States for an honest and patriotic discharge of his high duties. The President, in his instructions to Governor Walker, neither intended nor expected that any other question than that of slavery was to be submitted. In his message transmitting the Lecompton Constitution to Congress, he says:

"No person thought of any other question. For my own part, when I instructed Governor Walker, in general terms, in favor of submitting the constitution to the people, I had no object in view except the all-absorbing question of slavery. In what manner the people of Kansas might regulate their other concerns was not a subject which attracted my attention. In fact, the general provisions of our recent State constitutions, after an experience of eighty years, are so similar and so excellent that it would be difficult to go far wrong at the present day in framing a new constitution.

"I then believed, and still believe, that, under the organic act, the Kansas Convention were bound to submit this all-important question of slavery to the people. It was never, however, my opinion that, independently of this act, they would have been bound to submit any portion of the constitution to a popular vote, in order to give it validity. Had I entertained such an opinion, this would have been in opposition to many precedents in our history, commencing in the very best age of the Republic. It would have been in opposition to the principle which pervades our constitutions, and which is every day carried out into practice, that the people have the right to delegate to representatives, chosen by themselves, their sovereign power to frame constitutions, enact laws, and perform many other important acts, without requiring that these should be subjected to their subsequent approbation. It would be a most inconvenient limitation of their own power, imposed by the people upon themselves, to exclude



them from exercising their sovereignty in any lawful manner they think proper. It is true that the people of Kansas might, if they had pleased, have required the convention to submit the constitution to a popular vote; but this they have not done. The only remedy, therefore, in this case, is that which exists in all other similar cases. If the delegates who framed the Kansas Constitution have in any manner violated the will of their constituents, the people always possess the power to change their constitution or their laws, according to their own pleasure."

The alleged grievance of the republicans in Kansas, arising out of the non-submission, is not of such a character as would authorize us to reject the admission of Kansas as a State under the Lecompton Constitution. They had also an opportunity to vote for delegates to form the constitution, when that instrument was submitted with slavery or without slavery, and they refused to exercise the right. But it is urged that they could not vote for or against slavery without voting for the constitution. Admitting this, I would ask, who are to blame? Surely those who abstained from exercising the right of popular sovereignty when the delegates were elected to the constitutional convention. Here is a wilful and repeated determination by them not to take part in any proceeding which recognized the Territorial Legislature; and this omission, in my judgment, estops them from any claim upon, or right to, our sympathies. Governor Walker, in referring to the selection of delegates, distinctly warns them what would be the consequences if they should not participate in the election. He says:

"The people of Kansas, then, are invited by the highest authority known to the Constitution to participate freely and fairly in the election of delegates to frame a constitution and State government. The law has performed its entire appropriate function when it extends to the people the right of suffrage, but it cannot compel the performance of that duty. Throughout our whole Union, however, and wherever free government prevails, those who abstain from the exercise of the right of suffrage authorize those who do vote to act for them in the contingency, and the absentees are as much bound under the law and constitution, where there is no fraud or violence, by the act of the majority of those who do vote, as if all had participated in the election. Otherwise, as voting must be voluntary, self-government would

be impracticable, and monarchy or despotism would remain as the only alternative."

This is the true doctrine, and I have never heard it questioned. I firmly believe that, judging by the past acts of the republicans of that Territory, if this constitution be sent back the same obstinacy and difficulty will exist. It was their deliberate intention that the constitution should be presented here with slavery to keep up that excitement, and to further aid and abet those who seek to break down the democratic party, and this honorable body will fail to assert its rights and protect its dignity in permitting its attention longer to be occupied with this subject and these local contentions.

The motives and acts of the republicans have been such as cannot be recognized without overturning all government, law, and order. The evidence is unquestioned and overwhelming, that they have been in a state of rebellion to the government since the meeting was convened on the 14th or 15th of August, 1855, which resulted in the convention, held the 19th September of that year, which framed the Topeka Constitution, to be put in operation in subversion of the territorial government established under the authority of Congress. The organization under that instrument, the assembly of its Legislature, its acts, the presentation of that constitution to Congress, the passage of the bill admitting Kansas a State under it by the republican members of the House of Representatives, and its rejection by the Senate, the creation of armed forces in Kansas to sustain this revolutionary movement, are now matters of history. These occurrences demonstrate the position I assume, and which is sustained by the President in his message, February 2, 1858:

"This government [territorial] would long since have been subverted had it not been protected from their assaults by the troops of the United States. Such has been the condition of affairs since my inauguration. Ever since that period, a large portion of the people of Kansas have been in a state of rebellion against the government, with a military leader at their head of a most turbulent and dangerous character. They have never acknowledged,

but have constantly renounced and defied, the government to which they owe allegiance, and have been all the time in a state of resistance against its authority. They have all the time been endeavoring to subvert it, and to establish a revolutionary government, under the so-called Topeka Constitution, in its stead. Even at this very moment the Topeka Legislature is in session."

Again he says :

"The truth is, that, up till the present moment, the enemies of the existing government still adhere to their Topeka revolutionary constitution and government. The very first paragraph of the message of Governor Robinson, dated the 7th of December, to the Topeka Legislature, now assembled at Lawrence, contains an open defiance of the Constitution and laws of the United States. The Governor says: 'The convention which framed the constitution at Topeka originated with the people of Kansas Territory. They have adopted and ratified the same twice by a direct vote, and also indirectly through two elections of State officers and members of the State Legislature; yet it has pleased the Administration to regard the whole proceeding as revolutionary.'

"This Topeka government, adhered to with such treasonable pertinacity, is a government in direct opposition to the existing government prescribed and recognized by Congress. It is a usurpation of the same character as it would be for a portion of the people of any State of the Union to undertake to establish a separate government, within its limits, for the purpose of redressing any grievance, real or imaginary, of which they might complain, against the legitimate State government. Such a principle, if carried into execution, would destroy all lawful authority and produce universal anarchy."

In these revolutionary acts may be discerned the object of the republicans, and that is, to agitate until the Topeka Constitution is accepted. This cannot be done so long as Congress recognizes the legitimacy of territorial organization, and it would be subversive of the fundamental principles of our Government. The question then arises, does the Lecompton Constitution come to us in a legal form? The only mode in which a people of a Territory can form their constitution, or alter it when a State, is through the Legislature. This is the proper manner of ascertaining the popular will. Applying this rule to Kansas, we find that the Kansas-Nebraska act left the "people of the Territory perfectly free to form and regu-



late their domestic institutions in their own way, subject only to the Constitution of the United States." Acting upon the power thus conferred, proceedings were had authorizing the election of delegates to form a constitution. Such election was held; the convention assembled at Lecompton, and adopted the constitution now presented to us for our action. I have already disposed of the objection that but a small part of the voters exercised their right. The questions then arise, what can and should Congress do in the premises, and what power does it possess?

The Constitution provides that new States may be admitted by the Congress into this Union, and "the United States shall guarantee to every State in this Union a republican form of government." The Lecompton Constitution is legally framed, presented, and is republican in form, and the Territory should be admitted at once as a State under the power thus conferred. It has been urged that even if a part of the people would not vote, they should still be protected against their own wrongful omission. I am free to say, Mr. Chairman, that I should feel reluctant to participate in any act that would inflict a wrong upon the citizens of Kansas, and would not do it knowingly. I would not vote for a measure that I believed would fasten upon them a permanent constitution that could not be altered or amended; but, sir, I can see no wrong in giving them a republican constitution, and conferring upon Kansas the powers of a sovereign State. I have examined the provisions of that constitution, and find it is as democratic as that of other States. The following liberal provision is in the bill of rights:

"All political power is inherent in the people, and all free governments are founded on their authority, and instituted for their benefit; and therefore *they have at all times an inalienable and indefeasible right to alter, reform, or abolish their form of government* in such manner as they may think proper."

This is a full reservation of power by the people, except so far as its exercise is restricted by the constitution. Taking the position I have, that an alteration of such an instrument can only be effected by legislative action, ex-

cept in case of revolution, and believing, with the late lamented Webster, the great expounder of constitutional law, "that no single constitution has ever been gotten up by mass meetings," that "there must be some mode of ascertaining the public will, somehow and somewhere;" and, "if not, it is a government of the strongest and most numerous," I can only recognize the right of the people of Kansas to change their constitution in the manner prescribed thereby. If Kansas be admitted under the Lecompton Constitution, can it be altered? and, if so, when? It provides for a change as follows:

"SEC. 14. After the year 1864, whenever the Legislature shall think it necessary to amend, alter, or change this constitution, they shall recommend to the electors at the next general election, two-thirds of the members of each House concurring, to vote for or against calling a convention; and if it shall appear that a majority of all the citizens of the State have voted for a convention, the Legislature shall, at its next regular session, call a convention," etc.

It seems to me that this section (and I give it as my opinion only) takes effect *in futuro*, and that, until 1864, there is no restriction that can prevent a prior alteration. I shall not occupy the attention of the committee in elucidating this point—it has already been ably done, and especially by my friend the honorable member from Pennsylvania [Mr. PHILLIPS]. I presume it will not be disputed that, if Congress or a State Legislature pass a law to take effect on and after such a day (named), or after such a time, it cannot take effect or become operative until the period designated has expired. The same rule would apply to a constitutional provision. The Topeka Constitution has the following:

"SEC. 4. No convention for the formation of a new constitution shall be called, and no amendment to the constitution shall be, by the General Assembly, made, before the year 1865, nor more than once in five years thereafter."

This contained a restraint or restriction that would become immediately operative.

The State of New York illustrates, in her action, the

effect of both provisions. The constitution of that State, of 1777, contained no provision for its amendment. The Legislature, in 1821, passed a law submitting to the people the propriety of amending the constitution. They responded in the affirmative. The convention which assembled, instead of amending the old one, framed a new constitution, which was accepted. The one thus formed contained a clause directing the mode of changing it. In 1846, contrary to the restriction, the people, through the Legislature, called another convention, and formed the existing constitution.

Mr. Chairman, no serious objections are urged, I believe, against any other part of this constitution except the slavery provision, or point raised except as to the provision relating to an amendment. It may be said to have been recognized in solemn form by the whole people of that Territory; for, after the constitution was framed, an election was ordered and held under its provisions for the election of State officers and the Legislature. In law, this is an estoppel, and amounts to an assent.

Suppose, sir, that instrument could not be altered before 1864; what injury would result thereby to the party that desire it to be a free State? None. It is conceded that there are now in Kansas but about one hundred and sixty slaves. With a supposed free-State majority in the Territory, with climate and soil adverse to the permanent existence of slavery, I do not believe that Southern gentlemen would desire to take their slaves there, so that the present number would not be greatly increased before the people could amend their constitution. The public welfare, the repose of the nation, and, indeed, every consideration that can influence the patriot and lover of his country, demand that this subject should be promptly dismissed from the halls of Congress. Kansas admitted, and her people will then adjust their own internal affairs, peace be restored, a more natural and healthy flow of immigration than that sent forward by the emigrant aid societies will occur, and peaceful pursuits be cultivated, instead of threatening warlike armaments. If Kansas be not admitted, the excitement now pervading the country will be continued, the subject will



again be presented at the next session of Congress, impeding all legislation, and perhaps at the following one; with each protraction the waves of angry and embittered feeling rolling higher and higher. It does not require a prophetic spirit to foretell the disastrous consequences that may ensue.

Political history presents curious phases. It shows the members of the opposition party to have opposed all the leading measures of the democratic party in times gone by, until public sentiment indicated their adoption as part of the public policy of the country, and, after being driven from point to point, they sought shelter under the slavery agitation, in which refuge they now remain, pressing it on regardless of consequences to the Union. In the last Congress they were the opponents of non-intervention, or popular sovereignty, and in favor of Congressional interference, and opposed to an enabling act; now we find them in favor of an enabling act and in favor of popular sovereignty, and what the next phase may be to-morrow may determine; it is not unlikely that we may find them voting for the admission of a slave State. They have the warmest sympathy for "bleeding Kansas," and cry fraud! fraud! and charge high crimes upon the democratic party; but they have none for the great city of New York, whose vested rights were ruthlessly invaded by a republican Legislature, and stripped of many of its chartered privileges, to give spoils and patronage to their adherents. I have been taught to believe that "charity begins at home."

Another singular spectacle is presented: we find several honorable members, who fought side by side with us in the great political battle which resulted in the recognition of non-intervention in local affairs of Territories, recently voting for the appointment of a special committee to intervene in its worst form in the domestic affairs of a Territory. Among the latter I find my colleague [Mr. HASKIN]. It was with feelings of regret and mortification that I heard him utter the following language:

"In arriving at the conclusion to vote against the admission of Kansas under the Lecompton Constitution, I have been aided and

influenced by a desire to faithfully represent the constituency which elected me, and to fulfil the pledges which I made them upon accepting my nomination. To them I am responsible for my course here; and being honestly convinced that my opposition to the admission of Kansas under the Lecompton Constitution—repudiated and protested against, as it is, by at least three-fourths of her people—meets with the approval of a large majority of my constituents, whose wishes I am in honor bound to obey, I shall vote against the admission of Kansas under the Lecompton Constitution.”

The honorable member represents the counties of Westchester, Rockland, and Putnam. I was born on the banks of the noble Hudson, in the county of Westchester; the traditions of the home of my family clustered around and have been identified with it for more than a century; my early life was spent in rambling among the rocks, hills, and dales of that beautiful region, until they became familiar as household words. It is classic ground, hallowed by the footsteps of the Father of his Country and his compeers; the scene of some of the most important events of the war of independence. Revolutionary patriots now sleep the sleep of death beneath its green sod; and there rest, too, the remains of Paulding (and his associates), the capturer of Andre, whose last request to his medical attendant was, “Please tell all those who ask after me that I die a true democratic republican,” and whose descendant my colleague so recently defended on this floor. Surrounded by such associations, the democracy of that section cannot, will not falter in a crisis like this; and I am justified in saying that my colleague does not represent the wishes of the constituents who honored him with his election. Public meetings have been held in the several counties of the district, condemning his course, and the democratic press is unanimous against it. My colleague will bear in mind that his predecessor, in 1854, voted against the Kansas-Nebraska bill in opposition to the wishes of his constituents. He boasted that he could be returned upon that vote; not being nominated, he ran, in 1856, as an independent candidate, and received so small a number of votes that I did not find his name mentioned in the offi

cial canvass. Whether my colleague is to share the same fate remains to be seen. While I desire that the honorable member shall take all the credit he is entitled to for his advocacy in times past of the principles of the national democracy, I cannot perceive how it can justify his present course. Others before him have been distinguished for consistent political action, and yet, by a single act, have blighted the good effect of all their antecedents, and destroyed their political future. Without intending anything personal, but by way of illustration, I would say that Arnold was esteemed a true and loyal officer, and had done the State some service, until he committed treason against his country. Will it be urged that his treason was therefore justified?

I have heard much during this debate of "reading members out of the party." Sir, no formal *pronouncement* is required for that purpose. They are out by the operation of their own act; they are in the position of the soldier who, in the hour of battle, deserts to the enemy; the penalty follows. It is idle to suppose that, when gentlemen proclaim the result of their act will be to break down the national party, and elevate a sectional one with its attendant consequences, and are doing all they can to attain that object, they can remain, when the act is completed, in full communion with the party they seek to destroy. Their proper place is with the opposition, and time will soon place them in that association. History is full of examples of conflicts between individuals and the party; but each instance has resulted in a signal failure of the assailant. The contest in such cases is as unequal as that between a mere guerilla band and a powerful and well-organized army. Men, as individuals, are apt to exaggerate their power when directed against organizations. In struggles with the democratic party, men are but pigmies contending with giants. They may be compared to the fly on the wheel; the fly is crushed, and the wheel rolls on. Whenever a great issue, as in the present case, arises, involving perhaps the very existence of the Union, it is the duty of every man having at heart the welfare of the nation to sustain the Administration in its patriotic course, and more especially those



who hold their seats in this honorable body, and were elected upon the same platform with the present distinguished chief.

Sir, I entreat these anti-Lecompton democrats to pause in the step they are about to take in the opposition. You concede the great purpose and mission of the national democratic party; you concede it is the great bulwark that alone can arrest the ascendancy of sectionalism; you concede that such a triumph may result in a separation of the States, bringing in its train calamities that may be conjectured but not foretold; and yet you stand ready to strike the parricidal blow. Should this measure be defeated by your votes, and the disaster flow from it which has been predicted, you cannot fail to be regarded hereafter as the parricides of the Republic.

The Northern national democracy stands now, and will continue to stand hereafter, by the principles established by the Kansas-Nebraska act, and those enunciated at Cincinnati. We insist that the Territories, as well as States, have the sole right to determine their local and municipal matters, and that each should be let alone to manage them in their own way. This course must ultimately force the slavery agitation out of Congress, notwithstanding the embarrassment which has thus far attended the application of the principle to Kansas. The present difficulty has grown out of the premature immigration forced upon the Territory by slavery agitators which went there not to cultivate the soil, but to foster the excitement which has of late convulsed the whole country, and of which all, I believe, are heartily tired. This rule adopted will not produce like consequences again. There may be some struggle when a constitution with slavery is presented, but I believe public sentiment will determine that it shall be no bar to admission on that ground. Once firmly established and acted upon in good faith, slavery will be left to the law of climate and soil to control it. This law, which has been silently working since the adoption of the Constitution, has caused the abolition of slavery in six of the original States, and either abolished or prohibited it in nine of the new States since admitted, and which has

now brought to us two, if not more, free States for admission into the Union, thereby destroying the equilibrium between the slave and free States, imposes, in my judgment, a higher duty upon the national democracy of the North than has hitherto existed, to see that the compromises of the Constitution are maintained, and the rights of the States secured. Its action in the past is a guaranty for the future. All that the Southern States demand is to be allowed to control their own affairs, and equal rights with the other States. When a new State seeks admission, and its people desire slavery, Congress should not interpose objection, if the constitution be republican in form, but should at once admit it into the Union. The national democracy are fully committed upon this point, and will redeem the pledge.

My colleague [Mr. HASKIN], in his remarks, uses the following language :

“ I honestly believe that, but for patronage, fast becoming the bane of the Republic, not ten democratic members from the free States would be found supporting the Lecompton Constitution as it has been presented to us.”

I hold that no member of this honorable body should make even a vague charge of this grave character against his associates, even from belief, unless founded upon some fact. If the integrity and honor of any gentleman has yielded to the seductions of patronage and power, it is proper and due to the dignity of this honorable body that it should be known, and the person or persons named. I therefore call upon my colleague [Mr. HASKIN] to give this information, and the facts upon which his belief is founded ; my respect for this honorable body forbids that I should characterize this charge in such terms as it deserves. I await his response : I can make great allowance for excitement incident to debate. The remarks of my colleague, however, having been prepared in advance, and read from a printed copy, indicate premeditation and deliberation. While my colleague makes an assault on the one side, the honorable member from Illinois [Mr. MORRIS], in saying that the “ Northern men who vote for the admission of Kansas under the Lecompton Constitu-

tion are going to their political graves" (I do not quote the exact language, not having his remarks before me), pays us a high compliment, for which, as one, I thank him. It shows his conviction that we have been guided by higher motives than selfish considerations.

Sir, I have heard it stated on this floor, and held *in terrorem* over the Northern Lecompton members, that the Kansas-Nebraska act republicanized the last Congress. Without desiring to refer in detail, I desire to state a fact not generally understood. The whole country has been made aware long since of the division in the democratic party of the State of New York from 1853 to 1856. It is to be deplored, but nevertheless is true, that had the Hard and Soft vote been united upon single candidates in 1854, it would have secured eleven more members in the last Congress—seven by a majority vote, and four by a plurality—making a total of fifteen, and given to the democratic party in Congress a decided majority. I may also say that the twelve democratic members from that State in the present Congress were returned upon the principle contained in the Kansas-Nebraska act.

In times gone by, the parties in this country were divided into the democratic and whig parties. Many glorious battles were fought between them, and many brilliant and gallant contests were had by the rival leaders upon this floor upon the great questions which, from time to time, have agitated the country. As participants in these intellectual encounters, the names of Calhoun, Clay, Webster, Benton, and a host of others, now occur to me. In all the giant efforts of these statesmen—amid all the heat, zeal, and bitterness of debate and party warfare—there was one common bond between them, and that was the love of the Union. The whig party was national—it was glorious to battle with it—it was "a foe worthy of our steel." In its triumphs, however much we might differ from its policy, the country rested secure upon its nationality. The great issues between them were decided by the people in favor of the democratic party, and the contentions ceased. The great leaders of the whig party, Clay and Webster, having lived the period allotted to man, and devoted their whole lives, from their manhood



to their graves, to the service of their country, full of honors, passed away to the silent tomb, amid grieved hearts, bearing to their eternal home the affection and veneration of their fellow-countrymen. The whig party ceased to exist, and the opposition party were without a leading principle. The slavery agitation, which had for a long time been seen but dimly in the distance, now culminated in the republican party, and a bitter, sectional, and fanatical contest ensued. In this struggle the national democratic party—lifting itself up to its giant proportions, reinforced by a part of the national portion of the whig party, several of whom, I am proud to say, are now upon this floor coöperating with us, met the enemy and triumphed. Though defeated, they were not conquered; and the war is yet waged.

No intelligent person can be so blind as not to see, in the success of a Northern sectional party arrayed against the constitutional rights of the South, that a counter-geographical party must arise. When this occurs, it is easy to foretell the consequences. I shall not dwell upon it. In this crisis we can only look to the democratic party in the future; it occupies a broad, national platform, and guards scrupulously the rights of all sections. I believe in its invincibility and in its great destiny; its nationality will preserve it; the people must see the consequences of its defeat; and I feel a deep conviction that when the hour of trial comes, all classes will rally to its support as the only means of preserving the Union, which they are taught to love and cherish from early childhood. I love my whole country; it is with regret that I see contrasts presented, attempting to show the greater prosperity of one section or class over another. We are one aggregated whole—what adds to one part strengthens the other. Our power and greatness as a nation result from combination, and from that alone must it increase and be carried on in the fulfilment of its great future.

This protracted struggle is drawing to a close; the President of the United States has taken his position firmly, and it is our grave and solemn duty to sustain him. I have taken mine, whatever may be the individual consequence, and can say, in the language of the lament-

ed President Jackson, when standing over the rocks of the Rip Raps, looking upon the ocean, when friends were deserting him by legions in consequence of his firm course upon the public measures of his day : " Providence may change my determination ; but man can no more do it than he can remove these Rip Raps, which have resisted the rolling ocean from the beginning of time."

# THE TRUE POLICY OF THE GOVERNMENT AS TO THE CONDUCT OF THE WAR

WITH A

## VIEW TO THE PRESERVATION OF THE UNION.

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HOUSE OF REPRESENTATIVES, January 9, 1865.

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The House having under consideration a motion to reconsider a vote by which it had rejected a joint resolution submitting to the State Legislatures a proposition to alter the Constitution by an amendment abolishing slavery, Mr. Ward opposed the proposal. He held, in the following speech, that if the right to incorporate the amendment existed, it was injudicious to exercise it at the moment when we should desire to bring back the seceded States to loyalty and obedience. At the same time he opposed the practical re-admission into the Union, with the right of holding slaves as property, of any State where slavery had been swept away by the onward march of our armies.

MR. SPEAKER: It is not my intention to discuss at this time and place the causes which have inaugurated the terrible rebellion which has already cost the Republic such a frightful waste of life and treasure. It is enough for me to know that a death-blow has been aimed at the heart of the American Union, to feel indignant at the outrage and solicitous to avert it. It is enough for me to know that a sacrilegious attempt has been made to break up the wisest form of government that human wisdom ever devised, to feel it my duty to join in the effort to chastise the perpetrators of so great a crime. I have not approved of all that has been done under the sanction of the war power. I have deemed it proper to protest, in the name of the loyal and law-abiding constituency I have the honor to represent on this floor,



against certain acts of the Executive and Congress, which, in my opinion, have been the means of prolonging this sanguinary war; but I am settled in the conviction that secession is treason, and that as such it must be put down at all hazards and at any cost. If secession succeed, republican liberties are lost forever, and the Government, failing to vindicate its power, would forfeit the consideration and respect of every civilized nation on earth. If the heresy of secession were to be recognized as a canon of our political faith, there would be an end to our Government. Let Louisiana secede unhindered, and then, when that act has been accomplished, what is to prevent her from handing that State over to England, or any other Power, commanding as she does the mouth of the great Mississippi? This she most assuredly has a right to do if she has a right to secede, thus closing up the "Father of Waters," and excluding all the States on its borders from a market. The same principles would apply to other States. Hence the duty of every American patriot, whatever his station or condition, to uphold the Government in its efforts to compel the seceded States to respect the Constitution and the laws of the country. Upon this conviction of duty I have ever acted since the first insult to our flag was offered. The same abiding sense of the responsibility which rests upon me as a Representative of the people in Congress will, I trust, carry me unflinchingly through whatever phase may yet remain undeveloped in the fearful drama which has been so long in process of action. If the conduct of the war had not been marked by some of the most startling usurpations of power that ever made a free people tremble for their liberties, my voice should never have been raised except in the way of encouragement and sympathy.

Much wonder has frequently been expressed that in this fearful crisis through which our bleeding country is now passing, in the awful presence of the grand and sublime uprising of the people of this nation, no master spirit has yet risen in the midst of our assemblage capable to stay the uplifted hand, and gifted with that peculiar sagacity which employs the acquired light of yesterday in the selection of a path for to-morrow. Whatever may be the

cause, it cannot be denied that the present crisis has most signally failed in the production of those towering intellectualities whose impress never fails to mark itself deeply upon the mould of times, and which during all our former trials as a nation have been wont to direct the destinies of the Republic triumphantly through the fiery paths of sedition and conspiracy. Hence the blunders and mismanagements which have characterized the conduct of this war. The spirit which was wont to kindle the voices of former statesmen as if with a coal from the altar is no longer manifest in the places of power. Under these circumstances, and in view of the obstacles which we may yet have to contend with before the blessings of peace can be restored to our distracted country, it behooves every man in the position I have the honor to occupy, however humble his pretensions or capacity, fearlessly to present his views on the great questions now at issue, in order that out of the very multitude of counsels some good and practical result may be attained.

I have observed that the more entirely the objects which stand in the way of the execution of any purpose are ignored, the more easy it becomes to lay down plans for the perfect management of the affairs of the country, military and financial. Overlook the rivers and the mountains, the distance and the atmospheric phenomena, the reluctance upon one side, and the resistance upon the other, and to construct the most infallible programme for the suppression of the rebellion is one of the easiest of undertakings. To overlook the laws of trade, the limits of the popular power, and the propensity of mankind to prefer their own to any other interest, and to prescribe a financial policy which shall carry the country safely through the war and its consequences is a work not above the powers of the most ordinary capacity. Individuals entirely able at a single effort or less to solve all the problems of our condition are easily to be found. The country is rather redundant of them than otherwise. They cross us on all sides, in the newspapers and on the street corners. But that which alike marks all their solutions is the omission of more or less and sometimes of all the real elements of the calculation. "On to Richmond" is



easily said. "Order a levy *en masse*, and advance all along the line" is a suggestion so magnificent as to give an air of pusillanimity to the inquiry whether its execution is practicable. Issue legal-tender notes *ad libitum*, tax without measure, and borrow without limit, are pieces of advice which are all the more acceptable, perhaps, because they who propose them refrain from disclosing that there are points beyond which neither of these sources of revenue can be made available. For my own part, sir, I shall not take upon myself the invidious task of attempting to solve the perplexing problem of the war, nor yet of suggesting any panacea for the cure of existing evils. I simply desire to offer a few remarks which are forced upon me by the constantly-recurring deviations from the avowed object for which this devastating war was originally and authoritatively declared to be waged. I feel that I am somewhat entitled to the indulgence of the House when I venture to raise my voice as a warning to those in power that the mass of the people no longer recognize them as their representatives in a glorious struggle; that they no longer consider the war as a war for the salvation of the country, but as having degenerated to a strife about a collateral issue utterly foreign to the cause which they entered so heartily to sustain.

Sir, when the rebellion first broke out I had the honor of being a member-elect of this body, and from the day that I took my seat on this floor I have never sought to embarrass the Government in its efforts to bring back the seceded States under the glorious flag of that Union which had protected them all so long and so well.

In the extra session of 1861, the House of Representatives declared by a solemn act "that the war was not waged upon our part in any spirit of oppression, nor for any purpose of conquest or subjugation, nor for the purpose of overthrowing or interfering with the established institutions of those States, but to defend and maintain the supremacy of the Constitution, and to preserve the Union with all the dignity, equality, and rights of the several States unimpaired." Had the noble and patriotic sentiments enunciated in that resolution been made the rule of action by both branches of the Government, the



war would, I believe, before this time have been terminated; for whatever may be said of the proud and indomitable spirit with which the people of the South have carried on the war, and of their attitude of haughty defiance, I am fully convinced that if the olive branch had been tendered in that spirit of magnanimity which becomes a dignified Government after it has vindicated its power, the repentant rebels, at least the greatest portion of them, seeing the folly of their ways, would long ere this have returned to their allegiance.

This Government did not begin the war. The seceded States, at the time the rebellion was inaugurated, had nothing to complain of; no overt act had been committed by the Government; there had been no interference with any of their prerogatives; none of their citizens had been burdened by taxation; all their rights and institutions were under the protection of the United States. They have gone out from among us under the false pretense that they foresaw in the future that they should lose their just political power and influence in the Union, and acting upon this self-imposed delusion, they had drawn the sword wantonly and wilfully upon the Government and loyal people of the United States.

What I mean by the term olive-branch, sir, is the exhibition of a generous and conciliatory spirit, which I regret to say has not hitherto characterized our invitations to the people of the seceded States to come back and be restored to the inestimable privileges of American citizens. All our legislation on the subject, whether we look to the Confiscation Bill, or to those other severe enactments which have called forth so much bitter acrimony on this floor, has been marked by a spirit of vindictiveness and oppression utterly unworthy of a great and a Christian nation. Even the proclamation of amnesty by President Lincoln fails to hold out any hope of satisfactory results, because its provisions are not in accordance with the fundamental principle of self-government, that the majority must rule.

There is in this plan for restoration so triumphantly heralded by the friends of the Administration an attempt at usurpation so offensive to the people that no mind

regulated by the usual dictates of sanity, and guided by the wisdom of the Constitution, could ever have elaborated. The proposition made by the sole authority of the President to constitute one-tenth of the citizens of a State the whole State is so preposterous that it can scarcely be regarded as serious. Were such a proposition to be acted upon, the Government would find itself placed even in a more awkward position than it occupies now, for it would have to maintain a standing army in each of the States thus surreptitiously brought into the Union, in order to protect the dominant minority from violent acts on the part of that overwhelming majority which, by this anomaly in legislation, would be totally disfranchised.

Sir, I am as strongly opposed as any of my compeers on the other side of the House to the re-admission into the Union, with the right of slave property, of any State where slavery has been swept away by the onward march of our armies. Whatever may be the object of the war, the practical result is the same; and that is, the overthrow of slavery in all those portions of slaveholding territory which our armies subjugate; in these the relation of master and slave ceases to exist. The masters retreat as our forces advance, and carry with them a portion of their slaves, but the greater part remain behind and take refuge within our lines; and the question is, what shall become of them, and what are our duties in regard to them? The American people have behaved admirably since this war broke out. They have shown an energy and elasticity of spirit, a power of organization and combination, a readiness to make sacrifices, a patriotic devotion worthy of the highest praise. Let us not forget the claims of those unhappy freedmen whom we have deprived of their masters—their natural guardians and protectors.

The war is no longer waged for the purpose of restoring the Union of all the sovereign States that are and ever were in our great national communion, with all the purity and strength of our precious Constitution undimmed and untarnished, but for the newly-avowed object of subjugation, extermination, and emancipation, until

every Southron shall be reduced to the most crouching and abject submission—not to the Constitution, but personally to those who hold the sword and the purse of the country. Sir, I am not prepared to join in any such crusade. I occupy the same platform to-day that I did on the breaking out of the rebellion. I am in favor of a vigorous prosecution of the war, by all constitutional means, for the purpose of destroying the military power of the rebellion; but I am not willing to prolong this war a moment longer than is necessary to effect its legitimate object. The consequences of a mistaken policy are too serious to suffer me to be governed by the spirit of faction on the one hand, or influenced by subserviency to power on the other. We have now arrived at that stage in the progress of the war when we should consider the question of offering to the people of the rebel States such conciliatory terms as are constitutional, just, and practicable, and most likely to lead to the re-establishment of the national authority over the whole country. The terms and conditions offered to the insurgents in the President's proclamation of amnesty are only calculated to inflame their hatred of the North and impel them to renewed resistance. They are flagrantly at variance with the declarations voluntarily made to the people of the loyal States and published to the world. I desire to see such terms offered as a proud and already chastened people can accept without positive degradation to themselves—terms which shall recognize the existence of the States with constitutions and forms of administrations—terms, in short, calculated to divide our enemies and draw the hearts of the repentant people of the decaying confederacy toward our Government. When these honorable terms are rejected, then I shall be willing to leave events to the harsh and cruel necessities of the justice which is vindicated by the sword.

But, sir, although the beneficent spirit which pervaded Mr. Crittenden's resolution, to which I have referred, was not allowed to exercise its healthy influence over the deliberations of this body, its provisions were tacitly adopted as a governing principle in the conduct of the war—so much so, that when Generals Fremont, Hunter, and



Phelps, issued their proclamations of emancipation, the President revoked them all, declaring again and again that he had no right under the Constitution to emancipate the slaves. Those who spoke in behalf of the Executive, and in elucidation of his views, stated everywhere—in the public streets, in conventions, and in the Legislatures—that the President was determined that the seceded States on re-entering the Union should be protected in all their rights. Governor Stanley, who travelled five thousand miles, it is supposed at the express request of the President, that he might try to persuade the people of North Carolina out of the rebellion, stated in his speech of June 17, 1862, delivered at Washington, North Carolina, that Mr. Lincoln was no abolitionist, that he was the best friend the South had, and that all the Administration wanted was peace. Governor Stanley spoke according to instructions, as many others had done before him in every section of the country, which had the effect of producing a strong feeling of reaction throughout the border States, and adding thousands upon thousands to the recruiting lists.

These assurances, Mr. Speaker, concerning the alleged objects of the war were of so broad and distinct a character that no man of well regulated mind could avoid confiding in them. For my own part, I relied as implicitly upon these solemn pledges as the magistrates of ancient Rome did on the sybiline books when danger pressed the eternal city. I should frankly have despised myself had I suffered a doubt to rise in my own mind as to the integrity of purpose which governed the action of the President. All that I paused to consider was, that when he took his oath of office he swore to maintain the Union and enforce the laws; that had he attempted to trifle with the sacred rights of the people, and allow a Government to be broken up which he had sworn to preserve, he would have acted contrary to the requirements of the Constitution, and deserved to be impeached. Upon these solemn convictions, I rallied all my feeble strength to the support of the Government, the Constitution, and the Union, looking upon secession as eternal war, and recognizing this great principle—that we are

one people, that one we will remain, and one we will die.

I am well aware, sir, that my course in sustaining the war policy of the President has subjected me to considerable animadversion, and that my motives of action have frequently, and sometimes wickedly, been misconstrued by those who either could not understand the emergencies of the occasion, or who preferred seeing this great Republic split up into fragments rather than yield one iota of their prejudices. But, sir, there is one tribunal to which I appeal with feelings of pride and confidence from the judgment of disunionists: it is the tribunal of my conscience. The verdict which I find recorded there will sustain me under all calumnies and vituperations. When the day shall come for me to render an account of my stewardship to my constituents, I shall be able to show them that in denouncing treason and in sustaining the Government in its efforts to put down rebels in arms I have been true to myself, to my country, and to the sternest requirements of the democratic creed. How much the democratic party, acting as a party, through its organization, may do to bring back peace to the country, it is impossible to predict. That will depend upon the steadiness with which it adheres to what are admitted to be democratic principles. To expect to return to sound practices in the Government, through the medium of a party which, from any suggestions of expediency, however plausible, departs from its principles, is, of all expectations, the most irrational. Peace will return; the war fury is a passion which exhausts itself. But, however desirable peace may be, we ought to be united in the determination that when it comes it should bring with it the Union of the States under the Federal Constitution. Those who fail to recognize this national exigency are not imbued with the true spirit of democracy; they have read the signs of the times to very little purpose. The democratic party is essentially a party of progress, and those who aspire to be its leaders ought, at least, to have sense enough to know that we are in the midst of a great revolution, and that revolution is progress.



The only issue before the people at this time is the issue of union or disintegration. I admit that the country needs peace, and I am anxious to secure it; but I do not want to get it by indirection. In my judgment, the only feasible plan of restoration is a vigorous prosecution of the war, or the proffer of conciliatory terms to those who are willing to renew their allegiance to the Federal Government. These are the only paths which lead to peace, and I wish the people to understand the stern reality of the fact. It is a great mistake, sir, to suppose that political truth and naked fact are meat too strong for their digestion, and that the reality must be largely diluted with romance in order to render it palatable to them. I sincerely believe that the best way to deal with the people, in order to secure their support to a just cause, is to place before them the true issue in the most distinct manner. I believe, furthermore, that good causes have failed more frequently through the cowardice and double-dealing of professed politicians, under the presumption that the people could only be made to do right by deceiving them and playing upon their prejudices, than from all other causes combined. In the hurry and spirit of the hour men are a little too apt to think doubt and consideration evidences of disloyalty, and caution and patience vices rather than virtues. This error has been made several times since the war began, and has resulted in depression among the people, when the truth dispelled the brilliant anticipations of enthusiastic hopes.

It would seem, to a superficial observer, that rapid advances are being made in the overthrow of popular liberty, that the people are supine and indifferent on the subject, that one essential requisite after another of a popular government is being swept away into the mad vortex of fanaticism and passion, until hardly the form of our grand old fabric of constitutional liberty remains as a mournful memento of the glorious past. To those, however, who more critically analyze public events, it will be seen that all grave questions outside of the restoration of the Union have been merely postponed until the termination of the war. The people have been taught to revere the Constitution and the Union. The conviction



of their judgment is that the structure of our Government is well adapted to develop the commercial, agricultural, and industrial resources of the country, and to promote the general prosperity and happiness. The Constitution in its operation prior to the rebellion contained every safeguard requisite for a prosperous career. The history of every nation demonstrates that its citizens will accept the form of government best calculated to give protection to person and property and to promote the general welfare. Trade, commerce, agriculture, and all the industrial pursuits, thrive under a stable government and languish and perish under the opposite one. Under the Constitution the equilibrium is well preserved. The passage of a law requires the co-operation of this honorable body, the Senate, and the Executive. If we pass an unconstitutional measure, the Senate operates as a check; if both bodies pass such an act, the President can veto it; if all co-operate, the Supreme Court can interpose its decision and declare the act void. I know of no nation in which the rights of the people are more carefully and admirably guarded. In addition, this is the only country in modern times that has thus far successfully demonstrated the capacity of the people for self-government. This problem is now on trial. For these reasons, when the rebellion began, the people, with great unanimity, rallied to the support of the Government without respect to party; such unanimity continued until the prosecution of the war was diverted from the original object, the restoration of the Union, and a series of measures were inaugurated, such as confiscation, abolition, emancipation, suspension of the writ of *habeas corpus* in the loyal States, and others of a like character, which divided the North and united the South; abolitionism abolished slavery in the District of Columbia; confiscation merely enabled property to be confiscated in such parts of the country as have been recovered from the rebels; the emancipation proclamation has done nothing more, as yet, than the legitimate operation of the war power would have achieved, that is, liberated slaves where the army has secured possession. It is evident, in my judgment, that the whole policy of the

Government has been, since the adoption of the Crittenden resolution by this honorable body, to postpone indefinitely the close of the war. Entertaining these views, I deemed it my duty to oppose all these collateral issues, such as arbitrary arrests, confiscation, suspension of the writ of *habeas corpus*, and the freedom of the press in loyal States, and emancipation, as having a tendency to retard a successful issue to this most deplorable war.

Many honorable members of this House for whom I have great respect, supposed that these measures, great in themselves, and especially that of arbitrary arrests, were paramount in the public mind, and would overshadow all other questions. I concede the gravity of the point involved, but still, great as that and the other collateral issues are, the people regarded the life of the nation and the problem of self-government as paramount, and desired these issues first settled before permitting others to engross their attention. The Union restored or separation accomplished, these grave questions will then become subjects of serious inquiry, and the culpable parties be held responsible for the inroads made upon personal rights and liberty.

In addition to the series of measures to which I have referred, we are now called upon to sanction a joint resolution to amend the Constitution so that all persons shall be equal under the law, without regard to color, and so that no person shall hereafter be held in bondage. I might object to this amendment, sir, upon the ground that to prohibit the establishment or continuance of slavery as a legal relation would be virtually to admit that it may exist as such legal relation, and that such an admission in the Constitution would leave that instrument, in respect to human liberty, in a worse state than it is at present. Upon this point, however, I do not intend to enlarge; for, as I understand it, the fact of servitude among a people will be little affected by any provision which their constitution may or may not embody.

Sir, it would seem to me that the sum total of the wisdom of the ruling party is contained in the dogma that the negro is exactly like the white man. To some

it may seem that this is not very much, hardly enough to constitute the foundation of a political system and an administrative policy for a great nation and a numerous people; but this is a matter of opinion. Some may suppose that the basis of a political system ought—observing the uses of sciences in general—to be laid upon some fact, the existence of which is capable of demonstration; but, sir, we, the people of the United States, are trying great and sublime experiments in politics, and if we can succeed in making something stand upon nothing, will it not show that we are justly entitled to the reputation for political sagacity and adroitness which we have been considerably more ready to claim than the benighted statesmen of Europe have been willing to accord? So far as I can see, Mr. Speaker, in any form of civilization resembling our own, servitude will always exist; and servitude rendered necessary by circumstances which the servile party cannot control, is bondage. Bondage will differ in form, as it is modified by the character of the parties between whom it exists, and it will differ in intensity as it is affected more or less by external conditions. The relation of master and servant in the South is natural to this extent: it is the relation into which the white and black races, being brought together, naturally fell under the influences of mutual necessities for personal security, social tranquillity, and subsistence. The relation of master and servant in Great Britain is affected by the pressure of a costly Government, which draws from labor, through capital, the means to defray its annual expenses. Servitudes differ in degree and they differ in kind, but the most important difference of the two—the one that is at once the most significant and the least changeable—is the difference in degree; a man may be nominally free, but if he is a workman without capital, and lives in a state of society of which it may be said “once a peasant, always a peasant; once a factory operative, always a factory operative;” if the constant labor of his body when in health is only just sufficient to provide him with food and clothing, and if old age, or a few days of illness, inevitably reduce him to pauperism or starvation, he has little to boast of his freedom, and would find it hard to



discover wherein it ministers to his elevation or his happiness.

The freedom of a British working man consists in a limited liberty to change his employer. He is descended from ancestors who toiled, as he toils, all their days for food, clothing, and shelter, and these scanty in quantity and poor in quality. He begets a posterity to whom he transmits his poverty and his hopelessness, and his whole life, from his cradle to his grave, is one long, desperate struggle against starvation and nakedness. This is British liberty to a majority of the people of England. This is what it has been for hundreds of years, with no prospect of change but for the worse. Legislation has been tried abundantly, with a view to work improvements, and with worse than no avail. England has always had and now has her theorists who have labored to create imaginary Utopias, but that vast war debt, which, like a millstone, is grinding the people to powder, and pressing them into the earth, is a thing that cannot be lifted by constitutional clauses, or parliamentary expedients. That legislator will do well, Mr. Speaker, who can devise an amendment to the Constitution which shall relieve the people of the United States, without regard to color, from the pressure of a war debt larger in proportion to their resources than that of Great Britain. The debt is inevitable, it already exists, it is being increased with giddy rapidity. There is nothing in our institutions to prevent national indebtedness from producing the same effects upon the people of the United States that it has produced upon the people of Great Britain. Here is a thing, sir, which may well enlist the wisdom of the wisest statesmen of the country. If nature has made the negro different in any respect from the white man, all the constitutional clauses in the world will do nothing toward obliterating that difference. If it has made the negro like the white man, that likeness will, at the proper time, assert itself without constitutional assistance. Nature can neither be hindered nor accelerated by legislative contrivances, and no more than the European can the African be elevated to any valuable purpose by the will of another.

It was declared by me at the last session that for generations to come the laboring men of the United States would be required to work one or two hours in each day more than at present, in order to pay off the debt contracted by this war. Now, sir, under all the advantages afforded by a new country, and circumstances, in many respects, favorable to an extraordinary degree, the average laboring man of the United States has hitherto done little more than live. Impose upon him the necessity of two hours or of one hour additional labor per diem to support himself and his family, and he is, call him by what flattering title you may, a bondman. Against this bondage, the most hopeless and inexorable of all servitudes, no constitutional amendments, however cunningly devised, will afford security; it will descend from father to son, engraving, as it does in England, its characters, revolting and indelible, deeper and deeper upon each succeeding generation.

Mr. Speaker, if at a time when no causes of excitement were disturbing the minds of the people, a despot had arisen over us, to decree and enforce upon the operative population of the United States two hours per day of additional labor for the remainder of their lives, what a cry would have gone up from all parts of the land against an act so tyrannical! What protest would have been entered by such, if any there were, who were permitted to discuss and condemn! What exhortations there would have been to combine for resistance, and what citations of principles against a domination so heartless and destructive! What pictures, at once true and revolting, would have been drawn of the degradation of the people, broken in spirit and pressed to the dust by excessive toil and intolerable exaction, and what fiery indignation would have been felt and expressed against the unnatural monster by whom the wrong was devised and executed! The result is not altered because we happen to reach it by a process less direct. The evil will be the same, the wrong the same, the same the suffering when the excitement has passed away and the fact remains, and we see it in its nakedness; but then, if it is not so now, it will be too late to permit the discovery to be of much avail.

Without pursuing this point, I would say that slavery has always been and is regarded as a domestic question. The right to abolish it does and ought to rest with the States in which it exists. Since the organization of the Government the law of climate and soil has controlled the subject, and has caused the abolition of slavery in six of the original States, and either abolished or prohibited it in all but nine of the new States since admitted. This Government is one of delegated powers, and those not conferred are reserved to the States respectively or to the people. In regard to slavery the Constitution is silent, and therefore no power exists to amend it in the respect indicated; and in addition, in my judgment, that instrument contemplated that all the States should participate in any amendment thereof. Sir, I do not stand here as the apologist of slavery, but merely to insist that we have no right to incorporate the proposed amendment, and that even if the right exist it is a most injudicious time for the exercise of the power when we should desire to bring back the seceded States to loyalty and obedience. Our action in this respect cannot fail to add fuel to the flame, widen the breach already existing, further embitter the South, and prolong the sanguinary contest. I do not regard this question as having been decided by the late election. The issue there involved was the victorious prosecution of the war for the restoration of the Union. Entertaining these ideas, I cannot vote for the proposed amendment.

Such are some of my views, Mr. Speaker, on some of the most important questions which agitate the public mind at this moment. If the war be brought to a close within a reasonable time, and a united country be the result, this great Republic, with its immense resources, will spring into new life, and under the blessed reign of peace will ultimately shake off its burdens and repose queen-like among the nations of the earth.

We must be prepared to make still greater sacrifices than any that have gone before, if necessary, to save the Union; but the considerations to which I have adverted admonish us, as I have observed already, not to prolong the war a moment longer than is necessary to effect the legitimate object. Let us be careful lest in seeking to



obtain a fancied benefit for others we do not destroy ourselves. It has been justly said, sir, that to most men experience is like the stern-lights of a ship, which illumine only the track it has passed. It will be a sad thing for the Republic if those who have it in their power to control its destinies are recorded by history in such a category. On the use to be made hereafter of the light of experience depends our whole future destiny. It is to decide whether we take the first fatal step of disintegration which will lead us to the position of those petty States whose weight in the world's council is represented by a cipher, and whose little quarrels only provoke a smile, or whether we remain a great people—homogeneous, united, and powerful.

## THE BEST POLICY TOWARD THE SOUTHERN STATES.

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LETTER TO THE NEW YORK WORLD, Sept. 6, 1875.

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In the summer of 1875 Mr. Ward, being desirous of promoting the impartial and temperate discussion of sound political principles as applied to the living issues of the times and of indicating such a course as should be supported alike by just and thoughtful men of both parties, addressed to the *New York World* a letter on the "Principles and Policy of the Democratic Party." He advocated such reforms as would best secure integrity in public affairs, a safe and gradual return to a redeemable currency, thorough revision and reform of the tariff, extension of our trade with Canada, Cuba, and Mexico, and the obliteration of the political "color line" in the South, together with the maintenance of free government and constitutional liberty. The latter subjects are treated in the following extracts from his letter:

THE rule that "honesty is the best policy" is, perhaps, even more obviously true in its application to the treatment of the South than to affairs of the tariff and finance. The manufacture of false reports of Southern outrages has run its course, been detected and exposed, and is no longer profitable to the seekers of Northern favor. The misgovernment of our Southern fellow-citizens has become so palpable that not a few of the Republicans themselves see it is not so much the Southern people as the party in power that needs reformation. One of their chief leaders acknowledges that "it is not the disease but the doctors that we ought to examine—it is not the illness but the medicine that does the harm." The Administration has steadfastly followed the course of those disreputable practitioners who administer drugs to drive a patient into madness, and keep him in confinement under

false certificates, knowing that their occupation and fees will be at an end when his actual condition is known.

Considered only as a matter of self-interest, the prosperity of the South is of incalculable importance to the Northern people. One of the great causes of stagnation in the Northern manufactories is the impoverished condition of the South. According to the census of the United States, the production of the great staple of cotton, so important for home use and in our foreign exchanges, shrank from nearly five millions and a half of bales in 1860, to little over three millions in 1870. The production of tobacco decreased in far larger proportions. These losses are not counterbalanced by any increase in other articles. The production of the cereals decreased forty-four per cent., and the value of live stock twenty-six per cent. All this is in strong contrast to the prosperity of the previous decade.

Part of the evil influence of the unscrupulous adventurers who have been aided by the civil power of the administration and the army itself, and have united with the managers of their party elsewhere to use the colored vote, first to control and rob the South, next to aid in governing and despoiling the people of the North, is clearly shown by an examination of the debts and liabilities incurred in the Southern States since the close of the war. At that time, the amount in Georgia and Texas was merely nominal, but on January 1, 1872, as shown in the Ku-Klux Report of that year, it was over fifty millions in the former and twenty millions in the latter State. Since the war ended, up to January, 1870, the debts and liabilities of the various Southern States grew from eighty seven millions to three hundred and sixty-two millions—a net increase of over two hundred and seventy-five millions. This vast sum has mainly been squandered or stolen, not fairly invested for the benefit of the people to whom it belonged, and the true value of whose property during the ten years between 1860 and 1870 was diminished to the amount of over two thousand millions of dollars, as shown by the census of the United States.

The indignation of the Southern whites against the



spoliation to which they were thus subjected, by the aid of the Administration and Congressional majority, was further aroused by the federal office-holders, who, with their adherents and the support of their party at Washington, controlled elections, and tampered with the courts and usurped their power. Legislatures were seized, needless and obnoxious acts passed, and nothing was neglected to foster and perpetuate enmity and strife between the two races. A regard for the real interests of the colored men, which could only be promoted by advancing his sense of political justice, in harmony with the interests of the whites, was no part of the schemes. The old proverbial game of oppressors, to divide the people against each other, so as to conquer and rob them all, was never more recklessly pursued than in the two successful efforts to set race against race, and the North and South against each other. The beneficial restoration of concord and the Union can only be effected by fair dealing and constitutional liberty.

Directly injurious as the impoverished and dishonestly taxed condition of the South is to the Northern people, its dangers are secondary in importance to the results which must follow to the people of the whole Union if the continuation of military interference and despotism, such as have been conspicuously exemplified in Georgia, Louisiana, and Arkansas, is permitted. All simply local and domestic matters must, under the Constitution, be left to the people of the States. At last, the practices of the Republican party are echoed in the speeches of its leaders, who attempt to justify the progress of centralization—a system absolutely contrary to all free and especially to all really republican government.

One of the first objects in the Democratic Southern policy should be to destroy the political "color-line," which it has been the constant aim of those who had no desire for the welfare either of the white or colored race to intensify to the utmost. If it should be perpetuated, and the colored people continue to be made the tools of those who maintain corrupt government both at the South and North, the ultimate result will be especially disastrous to those who, in comparison with the rest of

the population of the Union, are in a small minority. Their practical welfare can best be promoted by such a general prosperity of the South as will give them a fair day's wages for a fair day's work, and improve their education and sound intelligence on public affairs, so that by their own free and honest efforts they may earn the respect of all men, and, judging for themselves on political questions, may be independent of dictation by sordid and selfish intriguers. When the Federal Government ceases to interfere in the affairs of separate States, and is represented in the South by office-holders whose character will command respect and esteem, a complete and harmonious settlement of the political questions in those States will soon be attained. Attachment to the Union will be increased when an Administration fulfils the duty of making union a blessing."

## THE SHIPPING ACT—RELATING TO MERCHANT SEAMEN.

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HOUSE OF REPRESENTATIVES, June 1, 1876.

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Under the original statute relating to merchant seamen much good had been effected for sailors and ship-owners; but it was novel legislation and many unforeseen abuses arose, chiefly from want of needful responsibility on the part of the commissioners entrusted with the chief duties prescribed. To remedy these defects Mr. Ward, on behalf of the Committee on Commerce, reported a series of amendments and made the following speech in their support. The House adopted them by a large majority.

MR. SPEAKER: The act known as the "Shipping Act of 1872," relating to merchant seamen, and being title 53 of the Revised Statutes, has, in many important respects, fulfilled the intentions of its framers, but has been found practically deficient in some of its provisions, and thus the benefits expected from its operations have been materially abridged and serious abuses have been called into existence. It has been in operation from August, 1872, to the present time, and there has been ample opportunity to judge fairly of its merits and defects.

The well-known character of the sailor and his essentially peculiar mode of life have long ago led, in the leading maritime nations, to the enactment of laws for his protection, especially as to his shipment and discharge from service. His occupation is pursued remotely from society at large and under discipline necessarily strict and to a great extent arbitrary. Released from his customary restraints, with his pay in his pocket and a stranger amongst strangers, he naturally becomes liable to temptations and impositions; and the opportunities thus afforded attract a class of men who are to be found in



every seaport ready to take advantage of his circumstances and make him their prey.

As the laws of other countries competing with us for the great prizes of the shipping trade secured for their seamen special advantages which our own did not enjoy, our commerce suffered from the want of enactments duly protecting our sailors, whose condition in our seaports was one of great injustice to themselves and other citizens, and disgraceful to our country.

It was the common habit of a large class of men who infested the seaports to pander the grossest appetites of the sailor, and taking advantage of his inexperience and the exhilaration naturally produced by his being ashore, and his freedom from restraint, to keep him in a state of excitement and intoxication, so that he became powerless in their hands. He was liable not only to be cheated and robbed of his wages to an extent that could not be practised on any other class of men, but his labor was often sold and his services were engaged for long voyages when he was unconscious of the nature of the agreement he was making. Sometimes, when he imagined he had contracted for a short trip, he found himself in a vessel bound for the East Indies or China. There were not a few instances where mechanics and persons of various other pursuits in the city or rural districts were drugged, carried to the ship, and passed off as good sailors, their captors pocketing their advance wages, they themselves incapable of performing duties at sea and the ships endangered by being insufficiently manned.

Extortion of the most flagrant kinds was practised. Both sailors and ship-masters were victims. When men were abundant a large proportion of the sailor's wages was taken from him for securing his shipment. The consequences of this infamous treatment and of his being frequently shipped while unconscious of what he was doing, were that he worked grudgingly and under a sense of injury on board ship, the captain found difficulty in managing him, and he frequently deserted at the first port where he landed, taking his chance of shipping again under some different name. When there was a scarcity of sailors similar extortion was practised on the ship-owners,

but frequently there was a combination among the more powerful parties to the bargains, the sailor himself being the chief sufferer, not only from the condition to which he was reduced, but because, from the nature of his vocation, he was only a transient stranger. It could only be expected that in such a state of affairs between officers and crew, separated by a wide expanse of waters and long intervals of time from ordinary society and its laws, discipline might often degenerate into tyranny and cruelty on one side, and that, on the other, insubordination and even mutiny might arise.

The well-known existence of these evils long attracted the attention of philanthropic persons, whose exertions led to the passage of the act now under consideration. The preponderating weight of the most reliable information from the various ports shows that under its operation the wrongs already described have been checked or destroyed, and the examples made of offenders have induced a salutary fear of detection, exposure, and punishment. There has been a marked improvement in the condition of seamen, and the ship-owners, many of whom were at first opposed to the act, have found benefit from some of its provisions.

Although, for the most part, the opinion of those who have made due investigation is, in the language of a report adopted by the New York Ship-Owners' Association, after being carefully prepared by a committee of six of its members, that the act is, on the whole, beneficial to the interests of both sailors and ship-owners, if properly interpreted and administered in accordance with what the committee believe to have been the intention of its framers, the conclusion is yet more generally admitted that the law is not free from defects, but is capable of improvement. It is believed that, by judicious and much-needed amendments, many, if not all, of the objections conscientiously entertained against the act will, in due time, be removed.

The provisions of the act are numerous, but its main object is to provide an officer to see that no foul play is practised on the seaman or his employer in the engagement or discharge of crews. The commissioner

appointed for these purposes is, in order to execute them satisfactorily, invested with various powers which might be safely intrusted to a thoroughly just and firm man, but are liable to many perversions. In view of the crimes it was intended to prevent, the essential rule of making him duly responsible was neglected. The natural result has followed, that the shipping commissioners, being actually responsible to no one particularly, often perverted the powers intrusted to them, have seldom made proper reports, and are virtually and practically "a law unto themselves."

As New York is the chief shipping-port of the United States, the merits and defects of the law and the enormity of the abuses which exist under it are most plainly visible there. In various degrees the same results may be seen in other seaports.

The act directs that to provide means for the payment of the commissioner and the execution of his duties, specified fees shall be paid to him on the engagement and discharge of seamen; that his compensation shall not exceed \$5,000 a year; and that he shall pay the surplus into the Treasury of the United States. It does not appear that the commissioner at New York has ever paid any of the fees into the Treasury, although they have greatly exceeded the sum he was authorized to retain, but has expended them in a manner directly in violation of the provisions of the act. The first five months of its operation ended December 31, 1872. During that time the fees received amounted to \$22,112, but the expenditures of the commissioner were \$23,168.87, leaving an alleged balance of \$1,056.87 due to him. Thus he appropriated, for such uses as he arbitrarily chose, the sum of \$21,085.53 during the first few months of his tenure of office. In 1873 the amount of fees collected was \$38,267.50, all of which was expended or retained, and a claim made of the further sum of \$1,088.61, as due to him. In 1874 the number of *attachés* to his office was diminished, but he managed to expend the whole amount of fees, being \$56,169, and claimed as due to him the further sum of \$805.57. There is no satisfactory reason for this sudden



increase of nearly \$20,000 in the alleged expenditures of that year over the one next preceding it. In 1875 the amount of fees received was \$51,718.50, and, perhaps under a salutary fear of the direction of public attention, or in pursuance of the rule of spending all the money that came under his control, the expenditures reported by the commissioners were \$51,440.29, including the balance due for the previous year.

An analysis of the expenditures of the commissioner shows that to a most serious extent they were made for his personal ends and in gross violation of the law. The act provides that he may "engage a clerk or clerks to assist him and to act as deputies at his own proper cost." Regardless of this direction he engaged six clerks, at a salary of \$1,300 each; eleven agents and others, at salaries amounting to \$10,660; a deputy, at \$2,400; and paid each of four of his own sons a salary of \$2,500. All these salaries were paid out of the fees, and in addition to his own salary of \$5,000, although, as has been already shown, he was only authorized to engage any clerks or deputy by paying the salary "at his own proper cost."

Among these glaring violations of the law, the appointment by the commissioner of no less than four of his own sons, at salaries of \$2,500 each, is not the least conspicuous and flagrant. The salary is more than that paid to his deputy, and it is obvious that fair and just decisions could not be expected from him in any of the cases where the appeal might be made to the commissioner in the interest of the seaman's or public rights against any of his sons thus favored and exorbitantly paid from the money collected from the seaman. The committee are fully satisfied that the duties of the shipping commissioner can be discharged for much less than is claimed for that purpose. The amount fixed by the act is probably inadequate, but, so long as it is thus limited, due compliance should be made with the law.

The act requires the commissioner to rent, lease, or procure, at his own cost, suitable premises for the transaction of business. But he rented, as commissioner, from an association of which he was president, an office for the annual rent of \$5,500, which he pays out of the fees coming

into his hands as commissioner, and not, as provided by law, out of his own salary. The rent paid by him as commissioner to the association of which he is president is not far from ten times the actually fair rental of such premises as are required, he paying \$5,500, while rooms more conveniently located for the performance of the duties with which he is charged could be had from \$500 to \$700. At Philadelphia the rent paid for such an office was \$350. The office for which the exorbitant rent of \$5,500 is paid, for the use of the commissioner, is at a very inconvenient distance from the custom-house. Thus much vexation and loss has arisen, and in many instances the delay has been so great that the departure of vessels for a whole day has been postponed simply for the necessity that captains should visit the office and return to the custom-house. It is regarded as a defect in the act that there is no specific provision by which parties who are aggrieved can present their cases on points requiring a strict construction of the law. All cases at New York in which such construction was asked have been presented by the commissioner himself *ex parte*.

In San Francisco, Boston, Philadelphia, and other seaports the same violation as exists at New York of the provisions of the act, so far as regards the expenditure of the fees which are paid to the commissioners, has prevailed. In Philadelphia numerous complaints have also been made in other particulars, indicating the expediency of a change in the appointing power. Applications have been made for a total repeal of the act, as well as for amendments to it. It is deemed more desirable to remedy its defects than to destroy it.

The primary and essential reform most imperatively demanded in the law is that the power of appointing the shipping commissioners shall cease to be given to the United States courts which have jurisdiction in maritime cases, and, to take the most pleasant view of the matter, whose judges, having selected their appointees from confidence in them, cannot be regarded as impartial judicial authority in matters to which the appointees are parties. It is obviously inexpedient to blend the judicial and executive or appointing power. The office of the com-

missioner is created and held under the law of the United States. Under these circumstances, the proposed bill provides that the power of appointing the commissioners shall be vested in the Secretary of the Treasury of the United States, and that, under certain restrictions, he shall regulate the amounts of their salaries, their modes of conducting business, and the number and salaries of the clerks and other persons in their employ. More than enough has been brought before the Committee on Commerce to prove the abuses existing under the present irresponsible and arbitrary system. It is believed that if these fundamental changes and such other amendments as are herewith submitted are made, the law will be justly and efficiently administered, and become deservedly popular among those whom it chiefly intended to benefit.

I will endeavor to present separately, and as briefly as possible, the various reasons for the several amendments now proposed.

Section 4501: The change removing the appointing power from the several circuit courts to the Secretary of the Treasury is the main reform proposed in this amendment. It is contrary to sound public policy to blend together the creative and judicial functions. This may be regarded as an axiom in legislation. The interests of justice demand compliance with the rule. The courts, however desirous of being impartial, can scarcely be fair judges between strangers and those appointees whom they have selected either from friendship or from confidence in their character. In fact, the greater the confidence of the courts the less impartial are they likely to be. Experience in the various ports has amply confirmed this view, and the amendment is almost universally desired by the people who are most deeply interested in the success of the title. They deem it essential that this alteration should be made in order to insure them a due measure of justice. Under the present law some commissioners have discharged their duty with fidelity, but in other instances their conduct has been arbitrary and unjust to the sailors, and public interests and money have been sacrificed to personal gain. The law as it now is



left them irresponsible and practically "laws unto themselves."

After reading and explaining the various amendments, Mr. Ward continued:

The amendments are in the main very simple, although it has taken some time to read and explain them. I am expressing the unanimous sentiment of the Committee on Commerce in saying that these amendments are certainly needed. The only objection that I have heard raised to this bill (except in the case of one or two charitable bodies in New York City) comes from those who hold places as commissioners. We have received from different sections of the country many petitions and letters of the most urgent character in favor of these changes in the law.

I wish to say, for the Committee on Commerce and for myself, that we have no other object in proposing these changes than to remove the imperfections of the existing law and render it more efficient. It is believed that some central power is essential to give effect to the law. It was but the other day that I was constrained to ask this House to pass a law in order that the commissioners may be checked in libelling vessels in direct conflict with the act. They have acted in entire disregard of any authority except themselves; and their conduct has been the means of making the law very odious and very unpopular. If the House should now pass this bill, the law may hereafter require further amendment before it shall be fully perfected. When the occasion for such amendments become manifest, they can be made. I now move the previous question.

# A COINAGE DEPARTMENT IN THE ASSAY OFFICE IN NEW YORK;

ITS UTILITY TO

COMMERCE AND IMPORTANCE ON GROUNDS OF LOCAL  
AND NATIONAL JUSTICE AND ECONOMY.

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HOUSE OF REPRESENTATIVES, February 1, 1877.

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During the last thirty or forty years the Hon. Robert J. Walker, Hon. Thomas Corwin, Hon. William H. Seward, and many others, without distinction of section or party, have urged the expediency of coinage in New York as the commercial metropolis of the Union. On the 10th of October, 1854, an assay office, at which bars of the precious metals are prepared and issued, was established. The results are most decisive proofs of the tendency to bring gold and silver to New York rather than to any other place east of the Rocky Mountains. In 1876 for instance, the value of the bars issued at New York was nearly nine millions, and at Philadelphia and Boisé added together less than two hundred thousand. At New York there is for payment of duties and other purposes a greater need of specie than in any other city of the Union. Hence Mr. Ward thought it expedient to lay before Congress and the country an epitome of arguments and facts proving the expediency of conferring the privilege of coinage upon the Assay Office in New York.

MR. SPEAKER: Having in the preceding session of Congress introduced a bill providing for coinage in New York, and as the committee to whom it was referred have omitted to report thereon, and the bill now under consideration is the one through which appropriations for coinage are made, I deem the present opportunity suitable for calling the attention of the House to a subject of much importance, not only to the city and State

I have in part the honor of representing, but also to the country at large.

The signs of the times unequivocally demonstrate that inflation can no longer inflate, and that, by a natural reaction, a most favorable time to prepare for specie payments is near at hand. Gold has lately been at a premium of less than five per cent. Our exportations of it are large; our mines are producing vast quantities of the precious metals; and currency is yet abundant at low rates of interest, although during the year ended on the 1st day of November, 1876, there had been a decrease of nearly \$25,000,000 in the amount of national bank notes. Since the act of June 20, 1874, came into operation, the outstanding amount of these notes has been reduced \$32,300,000. Between January 14, 1875, and January 1, 1877, the reduction in the amount of legal-tender notes was \$15,900,000, and the amount of legal-tender notes lately deposited in the Treasury to provide for further withdrawals of bank-notes was \$18,900,000. The three items indicate a contraction amounting to \$67,100,000 in the circulation of the two classes of notes between June 20, 1874, and January 1, 1877. This is about nine per cent. of the whole paper currency. The natural laws of finance are asserting their power. Arbitrary and doubtful measures for the restoration of a sound currency redeemable in the metallic standard of the world are no longer necessary. It seems impossible that those to whom the legislation of our country in monetary as well as in other affairs is intrusted should not patriotically take advantage of so golden an opportunity to confer incalculable benefits upon the people. My purpose at present is simply to urge the adoption of one of the most important means of aiding in the restoration of specie payments by removing unnecessary, expensive, and unjust obstacles to their essential precursor, conversion of the precious metals into the coin of our own country.

While I am desirous of applying the principles of justice and good will in the fullest measure to all other parts of our country, I deem it my duty to state what is strictly due as regards coinage to the city I have in part the honor of representing. In one year alone there were sent from



the assay office in New York to Philadelphia for coinage no less than \$62,480,508 in gold and \$2,663,046 in silver. That certainly was an exceptional year, but during the twenty-one years which have elapsed between the time when the assay office in New York was organized, and December, 1875, the amount of bullion thus transmitted was no less than \$172,221,463, at a cost of \$182,281, a waste of money and labor as complete as any ever typified in modern proverbs or ancient mythology. As we seem to approach nearer to specie payments the amount of the bullion thus transmitted increases. In the three years ended with 1875 it was two and a half times as large as in the three preceding years. In these calculations the amount of the silver purchased for coinage under the provisions of the law of 1873 and subsequent acts now in operation is not included. Its amount, passing from and through New York to the Mint at Philadelphia during the last two years, may be computed at millions. During the two years and a half ended on the 30th of last December, the amount of gold and silver bullion transmitted from the assay office in New York to the Mint at Philadelphia was no less than \$22,487,803, and the charges of the transmission were \$22,680.05. The amount thus transmitted is no fair criterion of that which would have been coined in New York if the needed facilities for that purpose had existed there and the loss of time as well as the cost of transportation had been avoided. The means thus wasted would undoubtedly have been much larger if for the last sixteen years the ordinary and natural demand for specie had not been checked by legislation. Yet under these circumstances the direct and needless expense thus actually incurred for transportation of bullion since the establishment of the assay office was over \$200,000. I do not believe there has ever existed under our Government any more flagrant instance of the power of habit and established patronage in resisting a most just and needful conformity to the requirements of the times.

For at least thirty or forty years the justice and expediency of converting bullion and the gold and silver currency of other countries into our national coin at New

York have been urged by leading statesmen, irrespective of party or the locality of their residences. The Hon. Robert J. Walker, in four successive annual reports, with arguments which it is impossible to controvert, earnestly directed public attention to the subject, and the same recommendations were made by the Hon. Thomas Corwin, Hon. William H. Seward, and many others. The right was not sought for New York or for the benefit of its commerce only, but for the benefit of the whole Union. No unjust or exclusive advantage was asked for that city, but simply that the great centre of our foreign and home trade should have equal facilities with other cities of less commercial importance for coinage and recoinage.

Apart from the commercial emporium to which the precious metals are first brought from the places of their production on the other side of the continent, it is evident that where the chief market of commerce is there also the precious metals will centre, and it is no less clear that in the same place there should be every opportunity for increasing their value and bringing them into active use. While this is true at all times it is especially so at present, when the people are desirous of a safe and economical return to a currency at par with the commercial standard of the world.

It may be argued that the impediments to coinage by compelling the citizens of the centre of the exchanges of the Union to carry their specie to and fro, for hundreds of miles, are to some extent removed by modern facilities for rapid transit; but, whatever the cost thus incurred for freightage may be, it is to that extent a tax, primarily upon New York, but ultimately upon the nation and an obstacle to its foreign and domestic trade. In our commercial system, bullion and coin, the representatives of value and current circulation among all nations, pass and repass to and from New York as the blood in the human system tends toward the heart and is thence distributed again.

The risk, expense, and delay of sending the precious metals from their natural emporium to be coined elsewhere, must, so long as they are continued, be hindrances to the production of the coins of the United States,



and tend to keep the precious metals out of common use. Millions of dollars are thus as utterly lost to the industry and business of the country as if they were thrown into the sea. Coinage of a metallic currency is prohibited at the place where the Government collects its chief revenue in coin. Needless and artificial obstacles created by law are kept in the way of an abundant supply of the stable currency most needed for a return of general prosperity. As gold and silver are articles of commerce, they naturally gravitate from all quarters to the commercial centre of our country. They are brought there not only from our own mines, but from Mexico, Peru, Chili, Central America, Europe, and all other regions of the world, as part of the exchanges. A large amount of them is also brought, chiefly in the coins of other countries, which it is desirable to convert into our own, by hundreds of thousands of immigrants.

The imports and exports of New York in 1874, if compared with those of all other ports of the United States added together, were almost exactly in the proportion of seven to five, the precise value of them at New York having been \$750,127,354 and at all other ports in the aggregate \$573,977,352. This was no exception to the rule. In 1875 the proportion of these imports and exports received or shipped at New York was somewhat larger. At that port alone they amounted to \$713,341,549, while at all other ports in this country they were of the value of \$506,092,995.

The difference in the value of foreign imports alone is yet more striking; and as the Government depends on them for that part of the revenue which is collected in coin, the comparison is especially important and suggestive. In 1874 the imports at New York were almost twice as large as their aggregate at all other ports in the Union. In New York they were \$395,133,622 and all other ports of the United States \$200,727,626. In 1875 the proportions were nearly the same, having been \$368,637,580 at New York, and \$185,268,573 at all the other ports added together.

The laws of the United States require that the duties on imports must be paid in coin. A far larger propor-



tion of these duties is collected at New York than at any other port and than at all other ports added together. For the ten years ended with 1875, the amount of duties thus collected at New York has been more than twice as large as those at all other ports of the Union; the aggregate at all the ports, including New York, added together, having been \$1,800,650,297, while it was \$1,239,615,311 at New York alone. As this city is also the chief depot and market on the Atlantic coast for the precious metals, it is most manifestly inexpedient and unjust, on grounds of obvious principles of public policy and right, to refuse to her the power of coinage.

As New York is the commercial so also is she the monetary centre of the Union. The capital employed in banking in the State is more than twice as large as that of any other State except Massachusetts. The average exchanges of the clearing house in the city every day on the average of the last twenty-three years were over sixty-one millions, and for the last ten years were nearly ninety-four millions.

These enormous commercial and monetary transactions do not redound to the benefit of the city of New York alone. They only exhibit, in a conspicuous form, the business the people of the whole country finds it for their interest to transact at that port on more profitable terms than elsewhere, and would have removed long ago if they had not continually found this to be true. The whole is a question of superior natural advantages, together with the skill, enterprise, and industry, which have been used in developing them for the common advantage of the people of the Union. Hence it follows that if New York be refused equal facilities with other cities for coinage and recoinage, the unjust disadvantages under which she is compelled to labor are inflicted not upon her alone, but upon all parts of the Union with which it has commercial dealings.

On the 10th of October, 1854, an assay office was established in New York. From that time to June 30, 1876, gold and silver to the value of no less than \$343,533,911 had been deposited there. Of this amount \$253,757,757 were prepared as bars of fine gold and silver

by the melter and refiner. Leaving out of consideration the three mints at San Francisco, Carson, and Denver, which are to be judged by a different standard, as they depend on the production of the precious metals in the mountains between the great plains of the continent and the Pacific Ocean, nearly all the bars manufactured at the mints and assay offices of the United States in 1875-76 were manufactured in New York. In 1875, at Philadelphia, they amounted to \$318,786.66, in Charlotte to \$6,690.03, and in Boisé to \$7,779.48—altogether \$443,256.17, or considerably less than a twentieth part of their amount at the New York Assay Office, where it was nearly ten millions (\$9,925,727.28). In 1876 the disparity was yet more striking; the total value of the bars of gold and silver made and issued at the mint of Philadelphia and the assay offices of New York and Boisé having been \$8,791,591, of which not far from nine millions (\$8,602,991) were made and issued at New York, and less than two hundred thousand (\$188,599) at Philadelphia and Boisé added together. More decisive proofs of the natural tendencies to bring the precious metals to New York, rather than to any other city east of the great plains, can scarcely be imagined. Doubtless the proportion of gold and silver brought to New York would be vastly increased if facilities existed there for their coinage. If any manufacturing firm sent its goods hundreds of miles for the sole purpose of receiving a stamp or label which might as well be conferred at home, it would be a fair way to ruin; and the only reasons why the pernicious system is permitted so long to exist are the force of habit, the difficulty of reform, and the fact that the loss is borne by many and in the end is paid out of the pockets of the people at large.

This shameful maladministration of public affairs becomes yet more apparent when it is known that the desired change might, so far as the buildings are concerned, be made with little cost or none at all to the national Treasury. The Director of the Mint and the Supervising Architect, after conferring together, unite in the opinion that there is a necessity for the speedy erection of a more suitable building for the purposes of the Assay

Office in New York. They concur in saying that a less central location than the one now occupied would be equally adapted for the proper transaction of the work which is carried on in refining the precious metals, and that the injury to surrounding property through the action of the acid fumes resulting from the processes employed is so detrimental that it should have weight with the Government in its selection of a proper site for these works. The iron-work of the building is so far injured and weakened that, although efforts have been made to render it as secure as possible, it is yet in a dangerous condition.

The Director of the Mint and the Supervising Architect state positively that a new building, located in a less central position, should be commenced at once, so constructed as to be proof against burglars and fire, and that the part of the building particularly devoted to the reduction should be built of such materials as will suffer no deterioration from the processes employed. They add that on the completion of the new edifice the old building and site will realize by sale a sum more than sufficient to defray the expenses of the purchase of the new site and erecting thereon a suitable structure.

In these statements I emphatically concur, and from my own local information and knowledge I have no doubt that the surplus thus accruing to the Government would be amply sufficient not only to erect and complete an assay office of durable materials and sufficiently capacious, as the present building is not, for the processes now conducted in it, but also to provide the room and outfit necessary for coinage. Thus, without charge to the national Treasury, arrangements might be made for giving the people of the country ample facilities for coinage at that port where they would be incomparably more conducive to the national welfare than they can be at any other place on this side of the continent. The change is imperatively demanded on grounds of economy.



## THE QUESTIONS OF THE TIMES.

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AT A MEETING RATIFYING THE NOMINATION OF THE HON. ELIJAH WARD FOR  
ELECTION TO THE FORTY-FIFTH CONGRESS, November 4, 1876.

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The following speech is a brief review of the national necessities of the times. In it Mr. Ward urged the pressing necessity of integrity in practical politics, economy in public affairs, reduction of taxation, a safe and gradual return to specie payments, a revenue tariff to revive manufactures and replenish the Treasury, the extension of markets for the products of our industry, and the beneficial restoration of concord in the South through fair dealing and constitutional liberty.

FELLOW CITIZENS: At the present time it is of the highest importance that correct views and principles should be placed before the people, thus contributing to the progress of sound opinion.

The chief of all the changes demanding public attention is integrity in public affairs. An administration regarding freedom of government as the right of each member to scramble for emoluments and honors for himself and party, instead of rendering faithful service to the country, has long held almost plenary possession of power. This is the most prolific source of all the national troubles. Reform in this respect is the course on which the people most strenuously insist. Every other question should be subordinated to this single one, which has now long and loudly demanded settlement. The great obstacle to the fulfillment of the patriotic purposes of the people is the old plan of dividing those who mean well. If those who think alike will vote alike, their cause is safe. Integrity and fair dealing are so intimately blended with other sound principles in practical politics, that when this vantage-ground is gained there will

be less disagreement than may be commonly expected on the other leading topics of the times.

The essential truth that "honesty is the best policy," has long been laid aside with many forgotten errors, and its practical application is alike the great need of the times and demand of the people. Through it only is the way to economy, diminished taxation, and renewed confidence and prosperity. Without it there can be no reliable reform, and the people will continue to be wronged either by commending evil doctrines, or by intrigues robbing sound principles of their proper effect. Integrity in those who make our laws and manage public affairs is as needful to the well-being of the people as a firm footing and a pure atmosphere are to the progress and life of individuals.

The remedy is in the hands of the people. They can insist that merit—integrity and ability—not merely zeal in political intrigues, shall be the qualification for all appointment and elections to office and retention in them. No laws or constitution, however admirable, can secure the public interests if our citizens themselves become indifferent or inactive in public affairs.

We have reached a period when the attention of the nation is strenuously directed towards the reformation of the abuses which have attained unprecedented proportions under the management of the Republicans. As the people are now compelled to practice economy themselves, they expect that those to whom the administration of their Government is entrusted will conform to the same standard. Recent investigations show that from Washington and the District of Columbia to the furthest of the wild Indian tribes, the management of the party in power is permeated by extravagance and corruption. Exposures are sometimes made, and leading Republicans do not hesitate to admit that reforms in almost every department of the Government are indispensable. Yet, when particular party-doings are reached, the party which is responsible for them first opposes those who make the charges, and when they can be no longer resisted, screens the offenders from deserved punishment, while it makes a merit of permitting any exposures of

its own crimes. Credible assertions are made that the United States are defrauded of at least one-fourth of their rightful revenue, through the misconduct of the officials intrusted with its collection. Incalculably greater injury is inflicted on the people by the preventible evils in legislation and other forms.

Since the Republican party has been in power, it has given to corporations and monopolies an area of the public land exceeding, by nearly forty thousand square miles, that of the dimensions of no less than thirteen of the most important States of the Union, including the extensive States of New York, Pennsylvania, Ohio, and Indiana. The extent to which other abuses have been carried can never be known, unless there is a change in the *personnel* of the Administration. Persevering investigation has been made by a Democratic Congress during the last session, but further inquiries are absolutely necessary, not only to arrest the present wrongs, but as the best means of discovering the proper measures for lasting reform and improvement.

The masses of the people everywhere are anxious for a return to the sound principles on which our Government is founded. Enormous wrongs, it is universally admitted, have been perpetrated under the Republican Administration. The practical question at the approaching election is, whether leaders of the party which has committed them should be trusted and retained in positions of the highest responsibility and confidence. To this there can be only one reasonable answer. After we have repeatedly seen those who are in power attempt to screen offenders and thwart the efforts of Democrats to expose them until the exposures became too rank and flagrant to be any longer suppressed, further confidence is absolutely repugnant to common sense, the principles of which are the same in affairs of State and ordinary life.

Four years ago, in the national platform of the Republicans, their party pledged itself to the enactment of laws which would "make honesty, efficiency, and fidelity the essential qualifications for office." But such exposures have throughout that period been made and will probably continue to be made, as incalculably exceed



those which at any previous time would have irretrievably condemned any Administration or party. They give us startling glimpses of the evils which leaven the whole system. The Republican Congress not only abandon the effort to reform, and in spite of frequent pledges of economy, the ordinary expenditures of the Administration in 1874 far exceeded those of any year since 1868. The same Congress voted for \$40,000,000 of additional taxes, a sum which alone is two-thirds of the whole cost of the Government of the United States, in its last year of Democratic rule. In 1875, notwithstanding the urgent necessity of economy, the net ordinary expenditures were almost exactly the same as the average of the five previous years. Under the present Administration the number of employees in the civil service, has been needlessly almost doubled, having increased from fifty-four thousand in 1869, to one hundred and two thousand in 1876.

Eleven years ago, and repeatedly since that time, the Republican party proclaimed that a return to specie payments was one of its cardinal principles, and yet we are now further from it, and the greenback is more depreciated than it was six years ago. The party has practically persevered in the fictions by which it imperiled the credit of the nation and impoverished the people. Nothing has been done to promote commerce, restore the American flag to its former proud position on the ocean, revive manufactures, or relieve all classes, and replenish the Treasury by means of a revenue tariff.

The prosperity of the city of New York depends in no inconsiderable degree upon her shipping trade with foreign countries. In this respect our interests have been greatly neglected by the party in office. When it came into power, nearly all our commercial transactions with other nations were carried on through our own vessels. The proportions are now reversed, and now only a small fractional proportion of our foreign carrying trade is under our own flag. Enormous sums are annually paid to foreigners for freight and passage money, which, under a judicious system of tariff, would accrue to the profits of our own people. Upon the same principles, applied to other

articles, much encouragement would be given to the cheaper production of many manufactures we should be enabled to export in greater quantities, thus giving increased employment to large numbers of our people, and furnishing an enlarged market at home for the productions of the field and workshop.

In striking contrast with the long-continued extravagance of those in power is the course pursued by the Democratic party in the House of Representatives last session, when, for the only time in many years, it obtained a majority. It was at first fettered by a rule established by the Republicans, that no law as to appropriations, upon an appropriation bill, should be repealed or even modified, unless it had the assent of two-thirds of the members. Wise efforts in favor of economy encountered the bitter and persevering efforts of the Republican Senate. Yet against all the obstacles placed in its way the Democrats effected a reduction within a fraction of \$30,000,000 from the appropriations of the previous year by the Republicans. This is an annual relief of over a hundred thousand dollars from the burden of the taxpayers in each Congressional district throughout the country, and nearly three millions and a half to the State of New York. It is over fifty-five millions less than the amount asked by the Administration, and yet ten millions more than it would have been but for the opposition of the Republican Senate. In the State of New York, under Democratic rule, taxation for the present year has been reduced nearly eight millions of dollars, as compared with 1874, and the saving to the county of New York alone is nearly four millions.

The oppression of the Southern people by the party in power invites the most serious consideration at the present time. My views are those expressed by President Grant when, before he was trammelled by partisan considerations and after careful inspection of the Southern States, he expressed satisfaction that "the mass of the Southern people accepted the situation of affairs in good faith;" that the questions which formerly divided the sentiments of the people of the two sections are regarded by the South as forever settled by the highest tribunal; and

that "immediately after the close of the rebellion there was a very fine feeling manifested in the South, and that we ought to take advantage of it as soon as possible." Instead of taking this, the only right course and the only course in accordance with the interests of the people of the North, the national Government has been wrongfully represented in the South by corrupt men.

The most serious results must follow to the people of the whole Union, if, under an usurped power, the continuation of military interference and despotism such as have been conspicuously exemplified in South Carolina and Louisiana, and now existing, should be permitted. The beneficial restoration of concord and the Union can only be effected by fair dealing and constitutional liberty.

If we consider the importance of the welfare of the Southern States with a view simply to our own interests, we cannot fail to see how greatly the prosperity of our merchants and lawyers depend upon theirs. Their exports for the last five years were almost twice as large as all the interest on the national debt during the same time, and were, at least, equal in amount to three-fourths of the exports of the North. Thus we see at a glance how deeply we are concerned in the welfare both as furnishing means for paying the national debt, and as a market on which the profits of our merchants and the employment of our people so greatly depend.

However great the financial blunders through which the national debt is now far larger than it ought to have been, the money advanced was paid in good faith, based on the promises of the nation; and its honor and credit require that both interest and principal shall be paid in coin. The people, without regard to party, united with great promptitude and bravery in the preservation of the Union, and submitted to the most exorbitant taxation and exactions without a murmur. When the war was over, it was generally expected that heavy taxation would cease; but, instead of this, the burdens have continued, and seven hundred millions of direct and indirect taxes, besides the needlessly extravagant and profligate cost of collecting them, have been taken from the people, although that payment could well have been deferred until the



financial condition of the country would better have enabled our citizens to meet it. The determination of the people to pay the debt, the known magnitude of our resources, and the rapidity of their development, are such, that after the resumption of specie payment its gradual reduction may be anticipated.

The approach to specie payments should be by such prudent measures as will leave no cause for reaction, and interfere as little as possible with the relations of debtors and creditors, giving individuals ample time to prepare for a new condition of affairs. The Republican party, while professing to be in favor of a return to a sound currency, has constantly evaded it in practice. In the Forty-third Congress it repealed the delusive pledges it had previously made, by announcing that, in four years, specie payments should be renewed, but up to the present time has accompanied the resolution by no act to render it effective.

On every point the Administration and leaders of the Republican party have amply proved that however specious their promises may be, no confidence can be placed in them, and at the last Congressional election the people, by an overwhelming vote and by a common impulse throughout the Union, recorded an emphatic verdict of condemnation. It is only to the Democratic party that we can look with expectation of reform. We need a restoration of cordial harmony between the North and the South, and conciliation of the races. Can we have any hope of these benefits from the party which has fostered discord and relies upon it for a continuation of these things which it most desires? Are we to expect a purer government from the party which, for the benefit of its own members, has doubled the number of its office-holders at a time when the work to be done was diminished? After the stupendous financial blunders now acknowledged by leading Republicans, and which probably doubled the cost of the war, are we to look to the same party for extrication from difficulties into which it has plunged us? Can we expect from it sincere investigation into its own wrong-doings, or fair treatment of charges against its own members from exposure of which guilt it would suffer? It would be unreasonable to trust for such a re-

duction of taxation, for such revenue reform, and extension of markets as are needed, for the products of our industry to the party which has already, by its anti-commercial policy, brought embarrassment and ruin upon so large a portion of the mercantile and laboring population. Under these considerations, it is clear that the mission of the Republicans has ended, and that a new party should take possession of the reins of power, and revive those interests which are so important to the people at large.

No matter how well meaning the Presidential candidate of the Republicans may be, it would be impossible for him to be an effective supporter of reform and entrenchment. He would, from the moment of his election, be surrounded by those who, with their adherents, including over a hundred thousand office-holders, constitute the present Republican party and profit by the taxes wrung from the hard earnings of the people. They would be the power behind his office, and he would become a tool in their hands. On the contrary, a Democratic President, with a Democratic Cabinet, fresh from the people, and representing their principles and wishes, would, from the absolute necessity of their position, be compelled to enforce measures of economy and integrity, and reform the abuses against which they protest, which have been created by the Republicans, and for which they are responsible.

It is not only the success of the Democratic candidate for the Presidency that is important to the people. It is essential to the restoration of national prosperity that the Democratic party should retain its preponderance in the House of Representatives. My record as a member of that House for the four terms during which you have honored me with your confidence, is open to you all, and well known to nearly all who are before me. I have always regarded it as of the first importance that Congress should steadily indicate a rigid determination to restore the currency to a sound basis at the earliest term consistent with the business interests of the country; that the paper dollar may be convertible into coin at the option of the owner, and be as valuable as a dollar in gold. By adherence to this course, business would gradually adapt itself to the new basis without injury to the business

interests of the country. Confidence would return, and, with it, prosperity would prevail. My vote has always been in favor of such measures as will promote harmony in the Southern States, and make the Union, with its attendant benefits, a union more and more fully in spirit and in substance. I have endeavored to promote such a reform and simplification of the tariff as will restore our tonnage, stimulate manufactures, and extend our commerce, while it will at once increase the revenue and lighten the burden of taxation. I have especially labored for the establishment of such an extension of our commercial relations with adjacent countries as could not fail to be mutually beneficial to all parties interested in them. My views on these and other subjects are already familiar to many who are now present, and if again returned to Congress, you shall find me in the future, as I have been in the past, an earnest and consistent supporter of your interests, and of those principles and measures which conduce most to the welfare of our country.



## A FREE CANAL POLICY:

### THE BEST GUARANTEE FOR THE PRESERVATION AND INCREASE OF OUR INLAND COMMERCE.

At a meeting of the members of the Chamber of Commerce, New York Produce Exchange, Ship-owners' Association, and Citizens' Association, held in the city of New York, March 9, 1870.

MR. CHAIRMAN: I do not intend to enter into the details of the great subject before us, but briefly to indicate my concurrence with those who wish to carry to successful completion the early policy of the founders of the Erie Canal, and thus aid in further developing the numerous agricultural, manufacturing, and commercial interests of our country.

I need not remind the audience before me that the existence of the metropolitan city where we live is owing to its superb position at the mouth of the Hudson River, its admirable harbor, and to the extension of navigation to the Great Lakes. Railroads—those marvellous creations of less than half a century—cover our country with a network, and lead from the Northwest to many cities on the Atlantic Coast; but, of all the sisterhood of United States, New York alone possesses a good water route from the lakes and the great granary of the interior to the ocean. With proper care of it and its connections, this public work will render benefits to our race greater than those of the far-famed Canal of Suez, for it will bind to the Atlantic coast and to this city, which, though already great, is yet in its infancy, the vast and now sparsely inhabited Northwest, where, within the life-time of some who now live, many additional millions of the most energetic and industrious of the human race will dwell, and, aided by all the labor-saving appliances of present and future inventions, pour forth their invaluable

productions to swell, beyond all our minds can now believe or imagine, the volume of their trade with New York, and of that commerce with the Western nations of Europe and other countries, of which this city is marked out by nature as the proper depot.

During my recent travels in the Old World, the former and present sites of its commerce naturally drew my attention, and brought vividly before me the causes of their rise and fall. I found everywhere that, although railroads are preferred as the means of carrying passengers, and transact an enormous and increasing business in freight, the canals and natural water-courses compete successfully with them in the carrying of heavy and bulky articles, such as form almost exclusively the mass of the exports from the West to the Atlantic.

In the investigations I made in 1858 as to the proposed ship-canal between the Atlantic and Pacific Oceans, I found it was calculated by competent engineers that the cost of the transportation of a ship and cargo of one thousand tons by such a canal would probably be less than one-twenty-fifth part of the cost of transporting the cargo by rail. The same ratio will not hold good as to transit by canal and by rail between New York and the Lakes, but, during those months when water communication is annually open, the experience of our State and other parts of the world demonstrates that it furnishes the cheapest mode of transmitting all the commodities which are of great weight and bulk in proportion to their value, and for which swiftness of movement, at additional expense, is not desired.

I have found, with much regret, that while the population of the United States is steadily increasing at the rate of about three and one-half per cent. yearly, and the chief productions of the Western grain-growing States are increasing in a grater ratio, the condition of our canals and the tolls demanded on articles passing through it have been and are such that the trade of New York in wheat and breadstuffs, the chief staple of Northern exports, is stationary. It is also an alarming fact, and one that should be known to every voter in the State of New York, for it rests on the authority of the

State Engineer himself, that although the productions naturally seeking transit through the canal have long continued to increase, that important public work itself has been so unjustifiably neglected that its capacity to carry has actually been diminished. In the estimate I have made as to the Western productions brought to this city, I include all that is brought by rail.

Viewing the subject superficially, it may seem that a rivalry injurious to the railroads of our State might be created by an enlarged canal; but it is not difficult to appreciate the essential harmony of the interest of the two systems, when we reflect on the amount of Western productions already going and likely in increased quantities to go elsewhere, but which, through the attraction of cheaper and quicker transportation on the canal, would be brought by lake vessels to the chief termini of our largest roads. During six months of every year the railroads would have a monopoly in carrying heavy and bulky articles, as they would have throughout the whole year, in the additional passengers and light goods brought to them by the certain advance in the general prosperity.

A brief consideration of the physical features of the country whence our inland commerce is derived, and on which also our imports chiefly depend, will enable us to appreciate the subject in its true relations. The great mountain ranges of the North American continent are in two chains, one being far to the West, and known as the Rocky Mountains, and running parallel to the Pacific from near the Arctic Ocean to the Isthmus, and the other known as the Appalachian or Alleghany Mountains in the East, and running parallel to the Atlantic coast. The latter range reaches from Georgia to the Catskill Mountains, where, through an opening made when the mountains were formed, and increased by attrition, the Hudson flows, and affords to commerce the facilities which, in connection with our almost unrivalled harbor, and the low level of the land of this State between that river and Lakes Ontario and Erie, gave to New York its trade and commerce.

The political and commercial importance of the region thus described has been duly estimated by the thought-



ful men of this continent ever since its formation was understood. The attention of Washington was given to the subject as soon as he attained majority, and, with a view to developing its advantages by opening an adequate water-course, he followed the Mohawk until he reached the summit separating the streams which flow into Lake Ontario and the St. Lawrence from those flowing into the Hudson, and, with the foresight of a true statesman, declared that through the depression he thus examined would be the chief thoroughfare of the commerce of the interior with the Atlantic coast and the nations on the other side of the ocean.

On the eastern side of the river the mountains resume their course, and, under various names, continue to the northern extremity of Gaspé, preventing the St. Lawrence from flowing southward, and driving the waters from the Great Lakes so far to the north, that exit and entrance for vessels by way of Montreal and Quebec are impossible for half the year.

The vast plain comprised between the two great mountain ranges has an average breadth of more than one thousand four hundred miles, and arithmetical calculations fail to give us an adequate idea of its area from the Gulf of Mexico on the south to its extremity on the north. Rivers of large size flow into the Arctic Ocean, but there the severity of the climate is such as to prevent the formation of ports accessible to shipping, and thus these rivers may be dismissed from consideration as channels of commerce, except so far as they will contribute to the trade which will concentrate on Lake Superior. The remainder of the natural system of commercial arteries is of wonderful simplicity, and consists of only two great rivers—the Mississippi and the St. Lawrence.

The Mississippi is navigable for nearly two thousand miles from the Gulf of Mexico, and, but for the injury done to grain and other perishable articles by passing through a climate so hot as that of New Orleans, this river would be used for freightage to a much greater extent. Its course leads away from Europe, but toward the tropical countries of the West Indies and South

America. The necessities implied by these facts have been so fully appreciated by the people of the Mississippi Valley, that they have already connected its vast inland navigation with the Great Lakes by four lines of canal and numerous railroads, so as to obtain an outlet for their products by Atlantic ports instead of by their own river.

Thus the great course of the inland trade of this continent is to and fro between the East and the West. Before the Erie Canal was opened, the difficulties of carriage between these two portions of the Union were so great as almost to constitute an embargo; but no sooner was this public work in operation than the cost of transportation from Buffalo to Albany was reduced from one hundred dollars to ten, and afterwards to three dollars a ton. Until the canal was made, the productions of the West were of little commercial value; there were few inducements for the emigrant to settle on the new shores of Lakes Erie and Michigan, while the country beyond them was a yet more unbroken wilderness. The opening of the canal had an electrical effect not only in our own country, but also in stimulating the immigration of the laboring population of Europe; and the development of the West was accompanied by a corresponding increase of business in the city and State of New York and New England.

In the meantime the people on the northern side of our frontier were not forgetful of whatever advantages belong to the St. Lawrence, and, by a series of canals and lakes, they enabled vessels to pass around the rapids of that river and into Lake Ontario from the ocean, and also made another ship canal from Lake Erie into Ontario.

So long as we adopted a wise commercial policy, and also enlarged our canal from the Hudson to the lakes in due proportion to the increase of Western and Canadian trade, the route by the way of New York easily maintained its supremacy, and our port, open at all seasons, was secure as the great distributing market of grain and breadstuffs to the South, to New England, and to Europe. Now, not only are we remaining stationary,

but the exports of our products by our foreign neighbors are greatly increasing. The Northwest of our country and of British America is likely soon to enlarge immensely its production of wheat to an extent far beyond the quantity required for consumption in the United States and Canada. The densely populated countries of Western Europe will be the chief market for this surplus.

Thus it becomes important that, while we know that our port occupies a central position, and by its trade with Northern and Southern regions, is the chief rendezvous of this continent for shipping from all parts of the world, we should not be guilty of the folly of ignoring the fact that the St. Lawrence leads almost in a direct line from the great grain-growing regions of the West to those nations of Europe whose people are and will be the chief consumers of the grain exported from the United States, and that the British and other foreign vessels used to take cargoes from our other seaports, or Montreal to Europe, will be likely to bring back return freight, thus doubly injuring our trade.

By a liberal and progressive policy as to the canal, we shall not only arrest the departure of trade from us, but greatly increase its volume by restoring the traffic in many important articles which had been diverted to some extent to other channels, sometimes, of late, charging less for transit.

Nature herself seems to have intended to aid man in connecting Lake Michigan with the Mississippi River. So nearly do the Fox and Wisconsin Rivers meet, that on the map they seem to be the same river. Already, by the aid of a few short canals and locks, steamboats of light draught pass, during the period of high water, from "the Family of Lakes to the Father of Waters." Iowa, Minnesota, and Wisconsin are eagerly looking forward to the enlargement of this channel. Reliable engineers who have investigated the subject give assurances that, by connecting various rivers, communication by water can, at very moderate cost, be continued into the interior of the continent for hundreds of miles beyond the Mississippi.



The first link in this vast and unequalled series of water channels is the canal leading westward from Albany; and that its enlargement at the earliest possible time is one of the most desirable events for the nation at large, and especially for our own city and State, cannot be doubted by any who examine the subject with candid and unbiased minds. The question arises—by whom shall it be done?

It is yet in our power to make such reductions in the cost of transportation to New York as will secure this trade to us, by enlarging the canal so as to permit the passage of large boats, then introducing the use of steam as a propelling power, and adopting, to the fullest extent, that rule which is the best policy toward ourselves and is due from us to every other State of the Union, and from every State of the Union to us—the freest possible transit of passengers and trade through our territory. We should as soon as possible reduce the tolls on our public works to the minimum cost of their current expenses, allowing a moderate amount annually for interest on the sum expended and to discharge the principal.

A measure has been introduced into Congress asking for aid to complete a canal from Buffalo and Oswego to tide-water, capable of floating vessels of six hundred tons burthen. Apart from the difficulties, delays, and doubts which beset the passage of such a measure at the present time, when the public mind is looking forward to national retrenchment, the plan is liable to most serious objections. It is desirable that we should keep the canal entirely under our own control and unfettered by conditions. At the time of the last census the population of the State of New York outnumbered that of at least a dozen other States. In accumulated capital the disproportion is yet more conspicuous. Ours is pre-eminently the commercial State, and is not only amply able itself to do the work, but is especially interested in maintaining the great thoroughfare for trade from the West.

Looking at the authentic statistics of the Erie Canal, apart from the lateral branches, we find that the returns or income from it some years ago exceeded the aggregate expenditure for its original cost, the interest, maintenance,

repairs, and all other items—and are precisely \$140,430,-953.40, while the tolls derived from it have been over \$87,-000,000, and the interest on them exceeds \$94,000,000; the total income being \$181,828,603.83, or more than \$41,-000,000 over all its other expenditures from the beginning to 1867, while since that time, a large addition has been annually made to this surplus.

Taking a more extensive but no less truthful view of the case, the mind glances at the farms, manufactories, villages, and cities it has created along and near its line, and the additions it has made to commerce, wealth, and population at its terminus. I speak far within the boundaries of accuracy when I say that in its indirect results to the people of this State the canal has been beneficial to an extent greater by very many times than all the direct revenues or profit drawn from it. We are to estimate this part of the subject by the increase of individual wealth throughout the community, the rise in real estate, both in city property and in farms, and by the multiplication and prosperity of our people. It would not be difficult to show that by opening out the West to settlement, the canal contributed more than any other single cause to the preponderance of the power of the North.

The fifteenth of last month is memorable for the celebration of the beginning of work on an undertaking of stupendous importance to mankind, not only in itself, but as a forerunner of many others yet to be accomplished. I allude to the railroad known as the Northern Pacific, by which St. Paul and the Mississippi will be connected with Lake Superior, and a new line of rail, running continuously through the most fertile belt of the Western half of this continent, will be established from the greatest of all our inland seas to the Pacific. It has for us a special significance and interest.

Partly through difficulty of access, and partly through the machinations of that "Last Great Monopoly"—the Hudson's Bay Company—the public has only recently known that West and Northwest from Lake Superior is a vast area of fertile land, much of it equal in fertility to that of Illinois, while it surpasses that far-famed

State by many times in extent. Acre for acre, a portion of it, equal in size to more than five such States, will probably not be inferior to Illinois in the value of its productions. It includes not only much of our territory, but also the rich wheat plains of the Red River of the North, and those of the yet greater Valley of the Saskatchewan, well named the Mississippi of the North, which are ready to pour millions of tons of grain into the cars of the railroad, as soon as its passenger trains afford an opportunity for the industrial army of settlers to make war upon the yet primeval wilderness. The soil, like that of Minnesota, can be brought under cultivation with remarkable ease, and is so peculiarly adapted to the growth of wheat, that, probably in a few years, the portion of the United States and the British Possessions, that will seek shipment for its grain on Lake Superior, will be the great wheat granary for us and the people of Western Europe. The prospect thus opened is stimulating the Canadians to a completion and vast enlargement of their rival works, and affords valid reasons why we should strenuously prepare to receive a trade which it is in our power to secure, but which, if once lost, we may never be able to regain.

That part of Lake Superior to which the products of this vast area will soon be brought by the Northern Pacific and other railroads is, by water—the cheapest of all methods of transportation—almost as near the western part of our State at the terminus of the canal at Buffalo, as it is to Chicago. From Duluth, the *dépôt* of the road on Lake Superior, the cost of carrying freight by water to Buffalo, or Oswego, will not be more than one-third of the cost by rail. This brings the subject closely home to us of New York.

At various other points along the lower lakes are railroads, carrying grain to other Atlantic ports. This State alone has the advantage of cheap water carriage from the lakes to the ocean, and this city is the only place on the Atlantic to which trade can thus be brought. A large increase of trade will also take place from Chicago and Milwaukee, and the regions tributary to them; but this part of the subject is more generally



understood than that I have endeavored as briefly as possible to describe.

For many years this State has ceased to meet its obvious interests and necessities with its former foresight and vigor. I rejoice that under the influence of many leading men of both political parties there is reason for hoping a wiser policy may be adopted, in view of the fact that, while the receipts of grain and flour at the upper lake ports and Montreal have enormously increased during the last ten years, those of our own city have diminished. They were less in 1867 than in 1860, and less by more than nineteen millions of bushels in the last two years than they were in 1861 and 1862.

The amount of tonnage of the trade we are permitting to leave us, or are driving away by the joint influence of high tolls and a shallow or neglected canal, was no less than 6,442,225 tons in 1868. The tonnage of all the American and foreign vessels entered and cleared in this city, to and from foreign ports, in the same year, was 5,109,722. In making the comparison, the figures as to the canal represent the actual number of tons of freight, while those of the foreign trade denote, not the cargoes, but the size of the vessels.

It is shown in an official document, recently prepared by Mr. Nimmo, Chief of the Tonnage Division of the Treasury Department, that the total tonnage of all the vessels entered last year at New York, Boston, Philadelphia, Baltimore, New Orleans, and San Francisco, the six principal ports in the United States, was, in the year just ended, only 5,224,578, being, by much more than a million tons, less than the actual amount of the commodities carried on the Erie Canal in the same year and exclusively by the vessels of our own country.

I am credibly informed that if the canal should be enlarged so as to pass vessels of 600 tons, and permit the substitution of the illimitable power of iron and steam for that of the comparatively weak muscles of horses, freight might, exclusive of tolls, be carried at a living profit over the canal and Hudson from the lakes to New York for considerably less than half a cent a ton for each mile, and that the total cost of bringing a ton of grain

from Chicago to New York need not exceed \$3.75. Thus we should give the grain producers of our country unprecedented facilities for successful competition in foreign markets. The benefits created would extend to purchaser and consumer everywhere. There can be no doubt that by attracting trade through a judicious and liberal system of low tolls, the revenue directly derived by the State Treasury itself from the canal would be far greater than if we continue the absurd and unbusiness-like policy of gradually driving trade away by exorbitant charges. By the better policy now proposed the commodities brought to our city would be incalculably increased. Their transshipment and the profit in buying and selling them would appertain to our forwarders and merchants, and give employment to many thousands of our people. Where the productions were sold, other articles would be bought in exchange; and there is no branch of industry that would not be benefited.

I rejoice to know that the interests of our city are those of the Union at large, and that, in finding or making a way to develop the natural advantages of our position, we not only benefit ourselves and the Northwest, but, by increasing profitable shipments of our productions to other countries, enable our people more easily to pay interest on the large and increasing amount of our national and other securities held in Europe.

The canal is, both locally and in a cosmopolitan sense, an important division of that yet more comprehensive subject, the commercial intercourse which is materially the main-spring of modern triumphs over the forces of nature, of the advancement of civilization, and the increase of human welfare. In a familiar photograph of the travelling and carrying system of his time, Shakespeare pleasantly suggests how recent is the progress of our race on these points. We remember how the company of eight or ten persons assembled at Gad's Hill and travelled together for protection against common danger, and how, of the two strictly professional carriers, one had, on his solitary horse, "a gammon of bacon and two razes of ginger," and the other "had turkeys in his panniers." Having thirty miles to travel, the members of the cavalcade rose

at two in the morning that they might perform the journey before night. In those days not only was there no railway and no canal, but even good wagon roads had no existence. When estimating what the future will be, we properly compare the past with the present, as it is not only in Great Britain and throughout Europe, but in this country, a wilderness in Shakespeare's time. Instead of a couple of carriers owning two horses, laden with one piece of bacon, two "razes" of ginger, and half a dozen turkeys, the modern substitutes in the United States alone have a capital measured by thousands of millions of dollars, and their traffic is estimated to be worth ten thousand millions of dollars annually.

Such facts as these indicate the tendencies of an era that has yet by no means arrived at its climax. Equally instructive is the lesson taught by the various great nations of antiquity, such as Egypt, Assyria, Greece and Rome, which arrived at a high degree of civilization, but fell, mainly because they transferred to the oppression and plunder of other nations the energy which would have insured their prosperity if it had been applied to the development of their own productiveness. The United States, to a greater extent than any other country, either of ancient or modern times, possess alike the unprecedented appliances of modern science to the production of all that is desirable for the material welfare of man, and unlimited natural resources; and no limits can be assigned to our progress, if to a sound and decisive policy on subjects directly financial, commercial, and educational, we add due attention to the material advantages obviously within our reach.

THE END.







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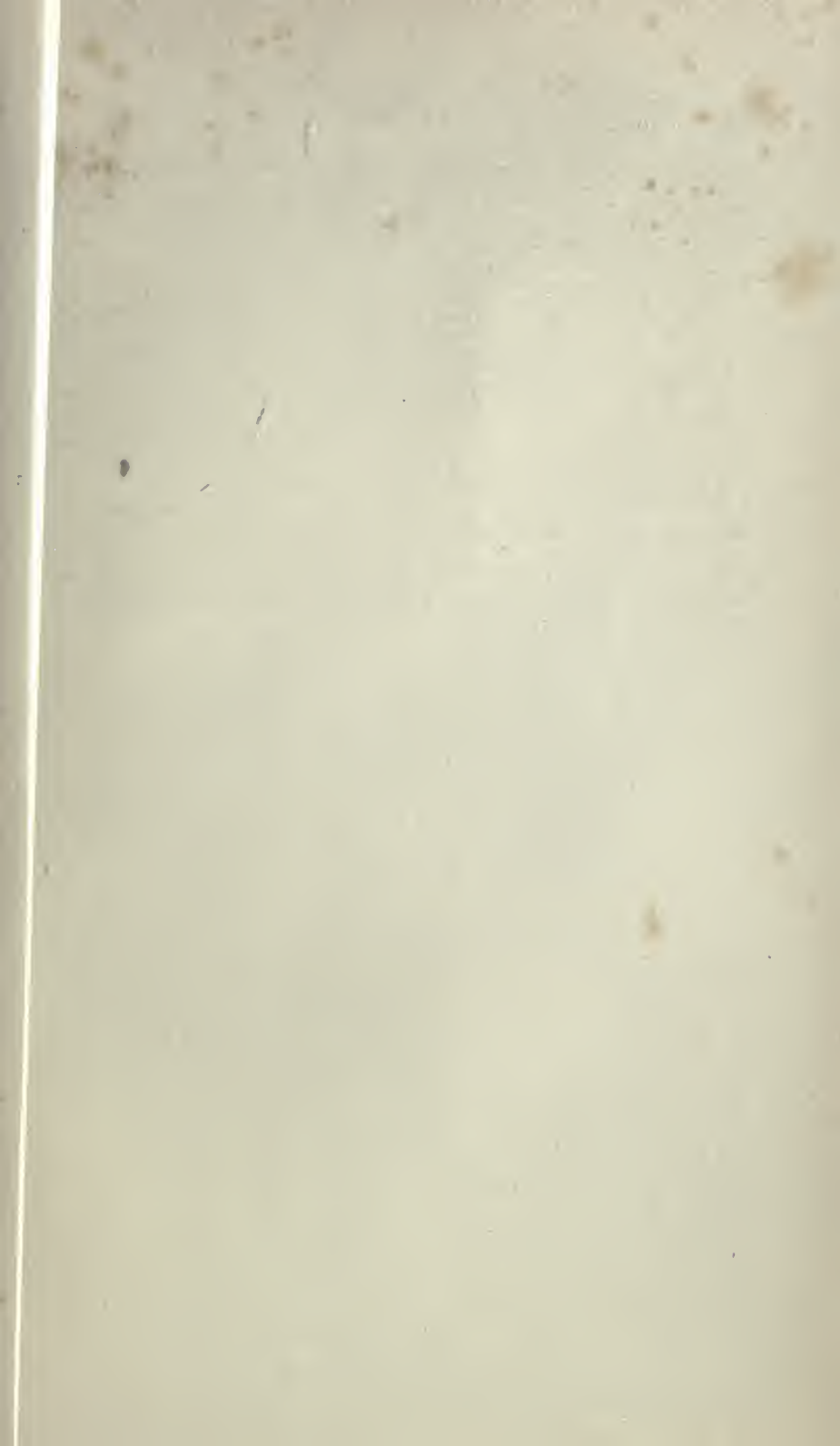
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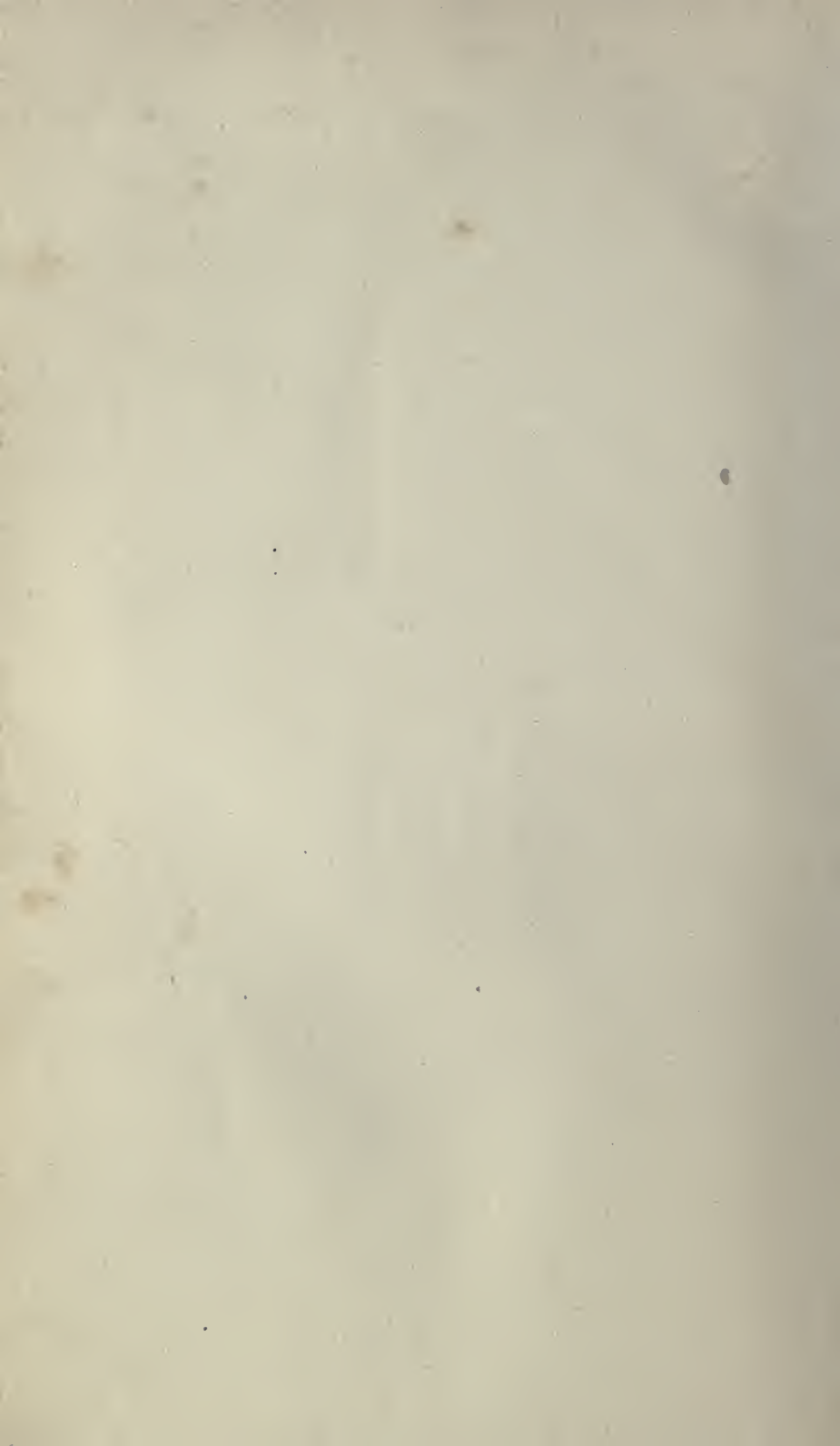
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